TRADE ADJUSTMENT ASSISTANCE FOR WORKERS

HEARING

BEFORE THE

SUBCOMMITTEE ON TRADE

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 6482
H.R. 6509

BILLS AMENDING THE WORKER TRADE ADJUSTMENT ASSISTANCE PROGRAM UNDER THE TRADE ACT OF 1974

JUNE 14, 1982

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TRADE ADJUSTMENT ASSISTANCE FOR WORKERS

MONDAY, JUNE 14, 1982

House of Representatives,
Committee on Ways and Means,
Subcommittee on Trade,
Washington, D.C.

The subcommittee met at 2 p.m., pursuant to notice, in room B-318, Rayburn House Office Building, Hon. Sam M. Gibbons (chairman of the subcommittee) presiding.

[Press releases announcing the hearing follow:]

[Press Release of Wednesday, June 2, 1982]

The Honorable Sam M. Gibbons (D-Fla.), Chairman, Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives, Announces Public Hearing on Monday, June 14, 1982, on H.R. 6482, a Bill To Improve Worker Training Under the Trade Act of 1974

The Honorable Sam M. Gibbons (D-Fla.), Chairman of the Subcommittee on Trade of the Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a public hearing on Monday, June 14, 1982, on H.R. 6482, a bill to improve worker training under the Trade Act of 1974. The hearing will be held in room B-318 Rayburn House Office Building, beginning at 2 p.m.

The purpose of the hearing will be to elicit views from the Administration followed by testimony from interested parties regarding the improvements in the training provisions of the trade adjustment assistance program for workers proposed in H.R. 6482, introduced by Mr. Pease with cosponsors on May 25.

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD

Requests to be heard on H.R. 6482 must be received by telephone to Harriett Lawler (telephone 202-225-3627) by noon, Thursday, June 10. The request should be followed by a formal written request addressed to John J. Salmon, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, room 1102 Longworth House Office Building, Washington, D.C. 20515.

In order to assure the most productive use of the limited amount of time available to question hearing witnesses, witnesses scheduled to appear before the Subcommittee are required to submit 75 copies of their prepared statements to the full Committee office, room 1102 Longworth House Office Building, at least 24 hours in advance of their scheduled appearances.

Each statement to be presented to the Subcommittee or any written statement submitted for the record must contain the following information:

(1) The name, full address, and capacity in which the witness will appear (as well as a telephone number where he or his designated representative may be reached);

(2) A list of any clients or persons, or any organization for whom the witness appears; and

(3) A topical outline or summary of the comments and recommendations in the full statement.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE

Persons submitting a written statement in lieu of a personal appearance should submit at least six copies of their statement by the close of business Friday, June 18, to John J. Salmon, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Room 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and the interested public, they may submit 50 additional copies for this purpose if provided to the Committee during the course of the public hearing.

[Press Release of Monday, June 7, 1982]

THE HONORABLE SAM M. GIBBONS (D-FLA.), CHAIRMAN, SUBCOMMITTEE ON TRADE, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES EXPANDED COVERAGE OF PUBLIC HEARING ON MONDAY, JUNE 14, 1982, TO INCLUDE H.R. 6509, IN ADDITION TO H.R. 6482, BILLS AMENDING THE WORKER TRADE ADJUSTMENT ASSISTANCE PROGRAM UNDER THE TRADE ACT OF 1974

The Honorable Sam M. Gibbons (D-Fla.), Chairman of the Subcommittee on Trade of the Committee on Ways and Means, U.S. House of Representatives, today announced that the public hearing of the Subcommittee to be held on Monday, June 14, 1982 (press release No. 29 dated June 2) will include testimony on H.R. 6509 in addition to H.R. 6482, both bills amending the trade adjustment assistance program for workers under the Trade Act of 1974. H.R. 6509, introduced by Mr. Frenzel (by request) on May 27, amends the program to eliminate trade adjustment allowances for workers not enrolled in approved training on July 1, 1982. The hearing will be held in room B318 Rayburn House Office Building, beginning at 2 p.m.

The complete details for submission of requests to be heard or of written statements in lieu of a personal appearance are included in Subcommittee press release No. 29.

Requests to be heard must be received by telephone to Harriett Lawler (telephone 202-225-3627) by noon, Thursday, June 10. The request should be followed by a formal written request addressed to John J. Salmon, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Room 1102 Longworth House Office Building, Washington, D.C. 20515.

Persons submitting a written statement in lieu of a personal appearance should submit at least six copies of their statement by the close of business Friday, June 18, to John J. Salmon, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Room 1102 Longworth House Office Building, Washington, D.C. 20515.

Chairman GIBBONS. The subcommittee will come to order.

This is a hearing of the Trade Subcommittee of the Committee on Ways and Means on two bills introduced by members of this subcommittee to amend provisions of the trade adjustment assistance program for workers under the Trade Act of 1974. This program, which has been in existence since 1962, was changed significantly last year as a result of the budget reconciliation, to reduce program costs and the emphasis on weekly cash payments rather than adjustment measures.

The two bills on which we will receive testimony today are H.R. 6482, introduced by Mr. Pease with cosponsors, and H.R. 6509, introduced by Mr. Frenzel. H.R. 6482 contains several provisions to improve training and job search and relocation benefits and makes training an entitlement.

H.R. 6509 implements the administration's proposal, reflected in the budget resolution passed by the House last week, to eliminate weekly cash benefits except for workers in approved training programs as of July 1.

Given the limited time available, we will try to move as rapidly as possible to get all the information that we can from the witnesses here today.

All witnesses should understand that if they want to summarize their testimony their entire written statement will appear in the record.

Our first witness is Mr. Malcolm Lovell, the Under Secretary of Labor, who will testify on behalf of the administration. We welcome you again before this subcommittee, and you may proceed as you wish.

STATEMENT OF MALCOLM LOVELL, UNDER SECRETARY OF LABOR, U.S. DEPARTMENT OF LABOR, ACCOMPANIED BY BERT LEWIS, ADMINISTRATOR, OFFICE OF EMPLOYMENT SECURITY, AND JIM VAN ERDEN, SUPERVISORY ACTUARY

Mr. Lovell. Thank you very much, Mr. Chairman. I will try to be as brief as possible.

I appreciate the opportunity to appear before you today to discuss both H.R. 6509, the administration's proposal to amend the trade adjustment assistance program [TAA] by eliminating the eligibility requirement for trade readjustment allowances [TRA], and H.R. 6482, which would change the worker training, job search, and relocation allowance provisions under the Trade Act of 1974.

With me today are Bert Lewis, Administrator of the Office of Employment Security, and Jim Van Erden, Supervisory Actuary.

During the first session of this Congress, the administration proposed major reforms in the Trade Act of 1974 and, with the help of this subcommittee, these reforms were enacted into law as part of the Omnibus Budget Reconciliation Act of 1981. As a result of those changes, costs of the program have been reduced to $585 million in fiscal year 1982, from $729 million if the law had not been changed. Equity has been improved because individuals with the same wages in a State will receive the same weekly benefit amount regardless of the reason for unemployment.

Although the changes in the TAA program have been in place since October 1 of last year, it is still too early to assess the effects of training, relocation, and job search under the revised legislation. As you know, the President originally requested $112 million for training under the TAA program. This request was later revised in the President's September 1981 budget request to reflect an across-the-board 12 percent reduction in the budget.

Following congressional appropriation of the $25 million for training, job search, and relocation allowances in December 1981, Secretary Donovan in February 1982 authorized the allocation of planning targets for the entire $25 million appropriated for these activities in fiscal year 1982.

Of that total, $12.75 million was allocated to the States at that time. Approximately $19 million of the total $25 million will be used to train trade-impacted workers. We estimate that around 6,250 workers can be trained with this amount. The balance of the $25 million will be used to finance job search and relocation allowance expenses.

The final allotments covering the $12.25 million were allocated to the States in May 1982, following the March 31, 1982, continuing resolution.

The preliminary data indicate that 847 trade-impacted workers entered training in fiscal year 1982 through March 31, 1982, with several thousand more having been approved since that date. Training obligations through the end of the second quarter amount to more than $3.3 million. Currently, there are in excess of 4,000 workers enrolled in approved training.

With respect to the payment of TRA, our records, for the first two quarters of fiscal year 1982, show that 17,857 workers were paid benefits at an average weekly benefit amount of $125.

Mr. Chairman, I would first like to address the issues presented in H.R. 6482. The administration is opposed to this bill for the following reasons:

The bill would reverse some reforms the Congress enacted less than a year ago and which this Department has only recently put in place.

The bill would increase costs by $300–$500 million over current spending levels and by $400–$600 million over what H.R. 6509 contemplates for fiscal year 1983.

The bill would create new entitlements at a time when deficits are recognized as a national economic problem.

The bill would be administratively burdensome, requiring additional administrative costs and a larger bureaucracy.

I would like to briefly review several of the provisions in the bill and explain our concerns about them.

CERTIFICATION CRITERIA

First, the change in the certification criteria from one wherein the trade-impacted reason was the "substantial cause" of the unemployment to one where it only "contributed importantly" to the unemployment is one that is pending before a House-Senate conference committee on H.R. 4717. This proposal reverses the action that Congress took last year in the Omnibus Budget Reconciliation Act because the "contributed importantly" criteria expanded the program to include individuals who would have been unemployed regardless of trade impact.

Extraordinary benefits should be made available for only extraordinary reasons. Since the more stringent criteria have been in effect for petitions filed on or after February 9 of this year, and no petitions have yet been evaluated using these criteria, I believe it would be premature to consider repealing this change.

TRAINING AS AN ENTITLEMENT

The provision to treat training as an entitlement conflicts with this administration's belief that entitlement programs should be created only in the most compelling of circumstances. As you are aware, some of these programs have caused problems for both the Congress and the executive branch in bringing public expenditures under control and in reducing projected deficits.

It is essential that scarce resources be carefully managed, which is not possible with blank checks which flow from entitlement programs. We would also oppose creation of a trust fund to finance these entitlements since it would serve no useful purpose. Appropriations would have to be made in any case, and tying the authorization to a percentage of customs receipts has no relation to program needs.

REACH-BACK PROVISIONS

The two retroactive provisions in the bill—one to reimburse individuals for their past training costs from July 1, 1979, and the other to pay allowances for job search and relocation to those individuals certified after June 30, 1979 who failed to make a timely application—are both costly and in our judgment, unwarranted.

With the limited resources available, we should use them to help people become reemployed now rather than reimburse individuals for choices made in the past. These reach-back provisions are not only costly to administer—requiring advertising of the change and verification of records that may be 3 years old, or even older—but they also present inequities.

RELAXING WORK SEARCH REQUIREMENTS

Finally, we would oppose applying a less stringent definition of suitable work to TAA recipients than is applied to claimants for extended benefits [EB] under the Federal-State Extended Unemployment Compensation Act. The provision of that act was initiated by the Congress on the assumption that people who have been unemployed for extended periods need to lower their expectations and accept a job that is different from their customary line of work.

We see no reason why TAA recipients should be treated differently. The whole purpose of the TAA program is to help the displaced worker readjust. Relaxing the work search requirement would encourage workers to adopt unrealistic expectations about the chances of finding jobs similar to the ones that disappeared.

In order to preserve available resources, we would also oppose both the payment of $15 a day to individuals who have already received 52 or more weeks of benefits, and an increase in both job search and relocation allowances from $600 to $800.

Instead of H.R. 6482, Mr. Chairman, we urge the subcommittee to support H.R. 6509, proposed by the President.

Under the administration's legislative proposal (H.R. 6509) the Federal-State unemployment insurance system would be relied upon for income maintenance and the payment of weekly cash TRA payments would be eliminated for individuals not actively engaged in a training program on July 1, 1982. Those already in approved training would be permitted to complete their training under the provisions of current law, and would receive TRA weekly benefits and training costs during their remaining periods of eligibility.

Other training costs, and the cost of job search and relocation will continue to be paid. Eliminating the weekly TRA payments would further restore fairness to our unemployment compensation system by providing all people similarly situated, who have lost jobs through no fault of their own, the same amount and length of weekly benefits.

It would remove disincentives for effective job search. It would place emphasis on training, job search, and relocation. It would save $26 million for the remainder of fiscal year 1982, $108 million in fiscal year 1983, and $81 million in fiscal year 1984.

In summary, Mr. Chairman, I would urge the subcommittee to build on the action taken last year and report favorably on H.R. 6509. My colleagues and I would be pleased to answer any questions you may have.

Chairman GIBBONS. Thank you, Mr. Secretary.

The present 1983 budget proposes the establishment of some special targeted training programs for trade impacted workers as well as Indians and older Americans. There are various other disadvantaged groups also, with a total funding of $200 million in 1983.

What is the status of this proposal?

Mr. LOVELL. Mr. Chairman, the bill that was reported out by the Senate Labor and Human Resources Committee is a little different from that, and the administration is generally pleased with the Senate version with some exceptions, but not the exception in this case.

The bill calls for a program for workers, displaced worker adjustment which would be a 50/50 program between the Federal Government and the States. It would provide training and job assistance, job search assistance, and other forms of help to displaced workers, as needed, not only for those adversely affected by trade decisions but by all workers so adversely affected. We think this offers a fine opportunity to move forward in an area where we have had very little experience, and where public policy has not played a prominent part.

Chairman GIBBONS. What part of this money will go to support creative planning?

Mr. LOVELL. Under the Senate bill, I do not believe there is a $200 million limit on it.

Necessary sums to be appropriated within the $2.4 billion that are available under the total bill.

Chairman GIBBONS. Could you give us any estimate as to how much you expect to use on trade adjustment assistance?

Mr. LOVELL. It will require 50/50 matching, so there will be some constraints on it, but if the need is viewed to be a serious one, I suspect they will put in the necessary resources, and it is too early to even guess on it.

Chairman GIBBONS. Last year only 10 percent of the petitions for trade adjustment assistance were certified, but so far this year the rate is slightly higher. We are still far lower than the 30 to 50 percent that were certified in earlier years.

How do you account for the big drop in certification at a time when there is high unemployment and a recession?

Mr. LOVELL. The primary reason for the drop in certifications was the increased rate of applications from noneligible groups, particularly those that were related to the automobile industry, which have not been deemed eligible for trade adjustment assistance under the law. The larger number of applicants from a percentage point of view, I think, hid the true number of approvals.

That is in terms of what had happened formerly.

Chairman GIBBONS. Last year large changes were made in trade adjustment assistance which were effective October 1. This is June 14, I believe, and still we have no regulations issued.

What has happened, and why?

Mr. LOVELL. Bert?

Mr. LEWIS. Regulations are not published. We have been operating under internal program procedures, which seem to have been sufficient so far.

Mr. LOVELL. I hope that is a good answer.

Chairman GIBBONS. That is honest anyway.

I do not know whether it is satisfactory but it sure is honest.

Do you have any idea when you are going to get it done?

Mr. LEWIS. I would have to consult with legal staff to see when they will release those.

Mr. LOVELL. That is very pessimistic.

Chairman GIBBONS. Well, we hope you can do better than that.

Mr. LOVELL. We will try, Mr. Chairman.

Mr. PEASE. I would like to begin by thanking the Chairman, who is also my lead cosponsor, for scheduling the hearing so promptly on this bill.

It shows a keen appreciation on the Chairman's part of the seriousness of unemployment in this country, and the fact that some of those unemployed workers may never go back to their original jobs and need retraining. I must say that in your testimony, Mr. Lovell, you seem to justify everything by saying it is not, in your judgment, necessary, or we do not have the money in order to preserve resources, whatever, and none of which really speak to the basic problem of unemployed workers and how we are going to get them back to work.

Aside from financial restraints that I can understand, do you not care about these unemployed workers?

Mr. LOVELL. I must say, Mr. Pease, that I did make my statement as short as possible to respond to questions from you and others.

I would like to address myself to that question. Yes, we do have very real concerns about unemployed people, and we have a very great concern about displaced workers. The problem of displaced workers in this country is very real and in all probability it will get worse rather than better not only because of trade problems, but as a result of changes in technology and the national shift in industries which take place from time to time.

I do not think that anybody who is really knowledgeable says that training per se is necessarily the answer. The answers are complex. As you may recall, other than the TAA program and a brief period of MDTA from 1963 to 1965, we have never in this country had a program for displaced workers.

The major effort since 1965 has been aimed at disadvantaged workers, but we have never really tried to formulate a national policy on displaced workers over time that made a lot of sense.

We are trying to take a look at that and take a look at it in an intelligent fashion. In some of our experiences, for example, in 1971 with engineers and scientists, a lot of these people left Detroit to move to Portland for a $10,000 raise. They were welcome to go back to Detroit and take a $10,000 cut. They realized they were going to have to change the location, in some instances, in their employment and certainly, at least temporarily take somewhat lower wages.

In terms of the present displacement, we cannot realistically expect most people to move. They have houses and families and they are connected with their communities, and the people that are established in that fashion are not going to move.

I think, though, that there are opportunities and they have found opportunities for work at lower salary levels, lower wage levels. I think that is what we have to encourage them to do, take advantage of available work.

Mr. PEASE. Learn new skills, how?

Mr. LOVELL. Most new skills are learned on the job.

The vast majority of people learn their work skills on the job, but I am not ruling out training. It could be a very useful way, but it should not be an entitlement that everybody has and takes advantage of, whether they need it or not.

One can be an advocate of training and I have been, and I have served on the national level. It is not the answer for every problem, and so just blanketing the country with education is not necessarily the answer.

What we really need to do, and I think the new program for jobs approaches it, is to look at the unique problems of displaced workers, the psychological problems and the adaptive problems as well as the skill problems they face. I think the new program begins to deal with it really for the first time in a major way, and I am encouraged about that.

And as I agree with you, sir, it is a problem of very great magnitude and it is going to be very important to the economy. After all, if people do not feel confident that they can move from one kind of work to another, they are going to be reluctant to allow the new technology to take place and to encourage the kind of trade policies that we need to maintain.

Chairman GIBBONS. Thank you.

Mr. PEASE. Well, Mr. Lovell, I am glad you do recognize the secondary problems that will be caused if we do not get a handle on the problem of displaced workers. This subcommittee deals not only with the problems of displaced industrial workers in trade-impacted areas, but also with basic trade policy.

As you know, the administration is committed to a free trade policy, and I submit to you, it is going to be difficult for this subcommittee and the Congress to hew to a policy of free trade when you have 10 million workers unemployed, with no avenue for being trained, and no hope.

Mr. LOVELL. I agree with the contention that one has to be alert. You are just not going to be moving into policies and provide an incentive to the workers. I wish I had the confidence in training that you do.

I think that training can be very useful and beneficial but not for everybody, not in every circumstance.

Mr. PEASE. This is an entitlement that we are proposing that workers could avail themselves of if they wished.

You do not think it is wise to have a program where workers would take advantage of training whether they need it or not.

What are the incentives in this bill to encourage workers to take advantage of training that they do not really need?

Mr. LOVELL. Discipline and training allows one great income——

Mr. PEASE. $15 a day?

Mr. LOVELL. No; any program that—I am not sure—well, who knows?

I am talking about principles rather than specific amounts.

Mr. PEASE. OK.

Mr. LOVELL. As we know now that in order to be eligible for benefits, you have to have training. You have to be participating in training. That has encouraged a lot of people to take training they might not have necessarily.

Under CETA, one could argue that part of its failure was that a lot of people took training for the benefits, the income transfer, rather than being really interested in learning new skills. Therefore, we did not have the experience in the program, not the success of the program that we might have had if people had taken these efforts because they really needed the new skills and really were committed. So I do think we have to separate the income transfer aspect from the skill transfer aspect.

Mr. PEASE. Essentially this bill does, would you not agree? Fifteen dollars a day is the incentive, if you want to call that an incentive.

Mr. LOVELL. We feel, and I think with some justification, that training, where it is deemed necessary, and I am not sure that even without any, without any stipends at all, that training just should be offered to anybody who wants it, and I will address that in a minute.

I think that training adds some clear value to the individual and society that we should pay for. One of the problems is, and I am sure you are as aware of this as I, that the displaced worker, the psychologically affected worker, has to decide that he or she really has to go out and take a job at a lower rate.

They will do anything to avoid that decision, indulge in training programs, and other things, because they are not prepared to make that tough decision.

There may be some value in that but, on the other hand, it could be a negative value as well.

Mr. PEASE. I am curious about your opposition to increasing the relocation allowance and the job search allowance from $600 to $800.

Wouldn't it be to your advantage to encourage workers to relocate and find jobs elsewhere?

Mr. LOVELL. We are dealing with the question of amount, we do not disagree as to principle.

You know well the problems we are going through with the budget, and we feel the $600 figure is adequate. If we did not, we would support a larger figure. We do not think there is justification to increase the expenditures by that amount, but we are not arguing principle, but arguing the amount of money.

Mr. PEASE. Mr. Chairman, I don't want to take too much time, but if there were no considerations of the Federal budget and these huge deficits that we have to deal with involved, and only a matter whether $600 was adequate or not for relocating a worker to another part of the country, then would you still maintain that the $600 was adequate?

Mr. **Lovell**. Where is it going to come from, if not from the Federal budget?

Mr. **Pease**. If money was not a consideration, hypothetically.

Mr. **Lovell**. My wife says, will you take me out to dinner to an expensive place, if I pay for it. I say, sure, you pay.

Mr. **Pease**. I am trying to get at the question whether or not you have any empirical evidence, that the $600 is adequate from the point of view of the worker?

Mr. **Lovell**. We certainly have no evidence that it is not.

Mr. **Pease**. Have you attempted to gather any evidence one way or another?

Mr. **Lovell**. I would be surprised.

Mr. **Pease**. You essentially don't have any?

Mr. **Lovell**. Probably not.

Mr. **Pease**. One final question.

What about certifications for trade adjustment assistance? Isn't there a requirement that certification determinations must be made within 60 days?

Are you able to follow that?

Mr. **Lovell**. We have been behind. We expect our current certifications to be current by October, and then, after that, I think we will be on target.

Mr. **Pease**. What is the delay time at the moment?

Mr. **Lovell**. It is a question of the backlog.

Mr. **Pease**. How much time, if an application for certification is made today? How long will it take to certify that?

Mr. **Lovell**. About 6 months.

Mr. **Pease**. You are catching up. It used to be worse than that?

Mr. **Lewis**. In October of 1981, the backlog was about 2,500. It is now down, I think, below 800. We should be current early in the first quarter of 1983.

Mr. **Lovell**. I would much rather say we are up to date.

I don't like to have to suggest that degree of inefficiency on our part.

Mr. **Pease**. Thank you, Mr. Lovell.

What we are dealing with basically is a philosophical difference in approaches to training, and you are defending your administration's principle.

Mr. **Lovell**. The issue you are addressing is a vital one, and I think that it is not something that is going to go away, even at the end of this session. I think that the need to deal effectively with displaced workers is tremendously important, and I know that, irrespective of what happens to this particular legislation, that you will continue to be interested in this problem. I would like to offer the support of the Labor Department, to you and other members of your committee as you take a look at this issue and not be limited to those issues adversely affected by trade.

Mr. **Pease**. Aren't we going backwards in terms of the Department's attitude?

Secretary Marshall came before us about a year ago and pledged——

Mr. **Lovell**. Not Marshall.

Mr. **Pease**. Donovan—I am sorry—and pledged over $100 million to go into training for this fiscal year.

Mr. **Lovell**. I would not bore you as to how we got from $112 million down to $25 million, but it was a common effort.

Chairman **Gibbons**. That would not be boring.

Tell us.

Mr. **Lovell**. You don't do that easily.

Mr. **Pease**. Thank you, Mr. Chairman.

Chairman **Gibbons**. Mr. Frenzel?

Mr. **Frenzel**. Thank you, Mr. Chairman.

I am interested in knowing how we got the $112 million down to $25 million.

Mr. **Lovell**. $112 million was originally proposed, and we took a 12 percent across-the-board budget cut, and in the deliberations that took place 1 year ago, in the budget process it got down to $25 million.

Mr. **Frenzel**. It allowed you $25 million, and you have allocated all of it. Is there reason to believe that the States are going to spend it all?

Mr. **Lovell**. I think they will spend it all in this fiscal year.

Mr. **Frenzel**. Thank you for that.

I would comment on your resistance to the entitlement concept as being worthwhile.

There is a limited amount of money in the file, and as long as it is limited, under the entitlement feature, the first guy in gets it, and when it is gone, it is gone. No matter how needful or meritorious any other claim is, there would be no money to serve the claim. It seems to me, when we have limited resources, or at least I think this is what you base your policy on, we try to apply them the best way we can.

Mr. **Lovell**. Absolutely.

Mr. **Frenzel**. I see the $600, $800 being the same sort of situation. It may take $800 to go find a job. On the other hand, if you can encourage a couple more people to go find jobs, even if some of it has to come out of their own pockets, if we make four jobs instead of three, it seems to me we have done the best that we can do with the scarce resources.

I remember on this committee last year, many of our members were disappointed that we cut the training back as far as we did. Then when we went through the continuing resolution process, we suddenly found ourselves at less than a quarter of what we thought was too little to begin with. I think we have to build realistic kinds of programs that take into account that we are not going to be the final arbitrators of the total amounts of money available. We have to insure that whatever is available, is spread to the farthest corners possible.

Nobody likes to see programs cut back, but I think that the responsible stewardship requires us to put those programs in a condition where we can do the best with meager resources.

I thank you for your testimony.

Chairman **Gibbons**. Mr. Brodhead.

Mr. **Brodhead**. I am not happy with the statement you have given us and the approach that you are taking.

I might tell you why and give you an opportunity to comment on it, if you would like.

First of all, I was not here when this program was created, but as I understand the history of it, the U.S. Government made a commitment that as we move toward a free trade policy, we would understand and recognize that there were going to be certain beneficiaries of that policy and certain victims of the policy. It was perceived to be in the national interest to have a free trade policy, that benefits were going to accrue to our country and to our Government and to our tax revenues as a result of that policy and some portion of the money that would accrue would be used to relieve the suffering of those who were inevitably going to be harmed. We made a commitment at that time, and it seems to me that with the action that was taken last year in reconciliation and the action that you are proposing that we take this year, we really just about eliminate that commitment.

The second problem that I have with it is that it seems to me that your approach basically is concerned simply with the money involved, the importance of saving money. I think that we can all understand—everyone in this room is aware of the problems of the fiscal budget—that legislation which calls for cutting down on funding for this program, Congress created new programs last year, particularly a new program of subsidy for sugar, and that is going to cost us over $1 billion this year.

We are creating a lot of new programs, particularly in the military and public works areas which we are spending a lot of money.

There are limits to what we can spend, but to cut back on this sort of funding first of all, violates the government's obligation, and second, seems to me to be short-sighted. If workers can't be trained, if people can't go back to work, I don't know how we are going to meet our commitments to increase America's productivity, bring in the tax revenues and get people off the unemployment and welfare roles.

I am distressed that the administration is throwing up its hands here and saying nothing can be done. I am not going to sit up here and take the position that this has been a successful program entirely. Certainly, there have been well-publicized problems with it and entirely too much emphasis was placed on sending checks to people and not enough on training. You are much more of an expert in this area than I am, I will concede that.

I think, too, that there are successful training efforts. We are going to hear from some people in the Chrysler Learning Institute here today who have been and are conducting successful training programs. It distresses me greatly that in this time—you are as familiar as I with the situation in Michigan, you know that we are facing in that State a 15- to 16-percent unemployment rate in our city of Detroit, over 20 percent—and in a climate like that there are not opportunities for people.

The President can say people should vote with their feet, go elsewhere to find work, but your expertise tells you there simply are not opportunities for people to find work in that sort of a situation.

Of course, in two-earner families, people can't move as easily as they could.

When you have a home today, it is not possible for many, many families to move to where the jobs are, and particularly is this so at a time when the whole Nation is in the midst of a recession.

There has been a lot of publicity from Texas recently, the demand for workers there has really leveled off. The unemployment rate is increasing and so I am very distressed that we are, in the name of economy, turning our backs on these workers, throwing up our hands and saying that there is nothing that can be done.

It seems to me that we have an obligation to do something, that there are successful programs that can be done and I would like to see this administration propose a program that is consistent with the conceded need to hold down Federal expenditures, but certainly, I can't think of an area of Federal expenditure which is more meritorious and more justified and where we owe an obligation to keep a promise, to fulfill a promise that we made back in 1974.

Well, that is my statement. Let us hear your response.

Mr. LOVELL. I wish my memory were good enough to remember each of your points.

I do think you do me a slight injustice, because some of the comments you made, I think somewhat ignored some of the comments I made.

Mr. BRODHEAD. I hope you will correct me.

I didn't mean to misrepresent your feelings.

Mr. LOVELL. I did not expect everybody to move. I expected only the younger people to move and I am not recommending that everybody just get out.

I recognize that, and I am not against training. I am familiar with the Chrysler Institute training and other excellent programs all over the country.

I said, though, that training is not the automatic answer to every problem, and there are other things involved which are perhaps even more difficult to resolve, such as the psychological adjustment an individual who worked in the automobile industry for 15 years must make by moving to some other kind of work and probably at less money.

The auto industry wages have been relatively high. Those are tough judgments and hard to come by and I am not sure that training would necessarily resolve that. It could be counterproductive.

This administration is concerned with things other than money. It is true that we have some serious financial problems and unless we lick them, the economy itself is going to get worse.

We must continue to worry about other things, human problems as well.

I think that the training for jobs bill coming out of the Senate, and I hope the bill that emerges from the conference, once the House passes its bill, will be a major first step in working toward a national effort to help displaced workers.

We have not ever had such a program, unless you go back to MDTA days and that was only for a very short period of time, and with relatively little money in terms of today's dollars. So we are prepared to work with you. We are not prepared just to continue to throw money at things that we do not have confidence in, so when funds are in short supply, then you have to make tougher demands on the programs.

I have been in the employment training business for a long time, and I have never met a person who operated a training program that didn't suggest it was the finest that ever came on the scene. Some really are, but not all; so I am suggesting that we show some judgment in terms of the training we pick, that we be sensitive to the needs of the individual and their new lives in new occupations. We need to find new and imaginative ways of helping them without having them feel that they are in a situation where they are relieved of the responsibility to take the necessary individual actions.

I suspect you and I could sit down over a beer somewhere and not be very far apart in where we want to be, and how to get there. We will try that sometime, but we are facing some tough decisions today.

I think that—well, let me deal with this question in term of the commitment made a number of years ago.

I was taking my sister-in-law to the Jefferson Memorial yesterday, and I read Jefferson's statement that in society, there is a need to adjust the laws to meet the current needs, just as a growing person cannot always wear the suit that he or she wore as a child.

We do not have to be slavish to the commitment that we made 10 years ago. We have to maintain the commitment to the purpose and the objective, and be sensitive to the needs of the people but we don't have to use the same tools, in my judgment.

I am not suggesting any disagreement with the need to be sensitive to the workers' needs. I do suggest a reexamination of the tools.

Mr. **BRODHEAD**. That is fine; you certainly take a thoughtful approach to these problems.

Our disagreement is, I feel rather strongly that you are really not recommending enough resources here to do the job, but that is the difference between us, and fine.

Thank you, Mr. Chairman.

Chairman **GIBBONS**. Thank you.

First, I want to commend Mr. Pease for having been the original sponsor of this bill and for the vigor and enthusiasm he put into it.

I first started reading about trade adjustment assistance some 20 years ago and when I was running for Congress, and it sounded like an attractive idea then. I worked on the Education and Labor Committee and saw the MDTA program come into being. I don't think trade adjustment has ever been given a fair test.

For the first 10 years of the program, the linkage to increased imports that required trade adjustment assistance was so stringent that nobody ever used the program or was ever able to use the program. In the second 10 years, it seems to me—or it hasn't been 10 years but almost that long—all the emphasis was on paying benefits, and while benefits are important, and probably benefits do help bridge the gap between unemployment and employment, they are not the total answer.

I have seen people lose jobs. It is a devastating experience. It is emotionally, physically deadening to people.

There is a certain fear that comes with it. It is almost hard to dispel, and I look upon training as being a continuation of the compulsory education program that we entered into that have proved so successful in this country.

Of course, the training would not be perfunctory, but it was known to be that, as far as earning a living is concerned.

Now, I realize that some people with some broad general skills seeking work in other areas can just pick it up by walking in the door and watching other people for a while.

There are certain repetitious, drudgery types of jobs like that and there are others for which we all possess basic skills. I am a pretty good dishwasher, but I never had any training for that. I find after fooling around with Congress, it is good to go home and wash dishes every now and then.

Apparently, the administration does not put as high a premium on job opportunties and life as I do. We only go through this place one time, and you only get really one crack at it. If you strike out, you are in real bad shape. You don't come up to bat anytime soon.

It seems to me that in the spirit that has driven this country ahead, that we need to find a better way in which to find meaningful work for our people.

It is kind of easy if you live in a big town, and there are lots of businesses around, to go out and find another job, but if you live in a little town, and the mill in your town closes up, it is difficult to go out and find another job.

We have to have a program that is flexible, that meets the different needs of all the areas of the country.

While I know the horror people have for entitlements, the kinds that we have talked about here are not really entitlements—you just don't have to be unemployed, you have to be unemployed and have the capacity to accept the training, the desire to accept the training, and there has to be some reasonable opportunity that you can get a job after you have received the training.

It is not like the GI bill. When I came back from World War II, if you wanted to learn how to fly an airplane, although we had plenty of pilots, you could go get the GI bill and learn how to fly an airplane.

There was not any shortage of aviators following World War II. We had plenty of them left over.

It is not just an entitlement program.

Your administration has to be a little more sensitive to the needs of the program. We will slide it down to you; we hope you will approve it, or you will be embarrassed by vetoing it.

Over 20 years I have watched the program in operation, and it has never gotten a fair chance. We kind of put this one together out in the hall one day, when everything else was falling apart in the early 1970's around here.

It didn't work out right but we have never had anybody come in and make any suggestions as to how to improve it.

I hope you will take that to heart and will come up with some suggestions soon as to how we could do it.

You mentioned the jobs for training program; where is that?

Mr. LOVELL. It came out of committee on a 16-to-0 vote.

Chairman GIBBONS. What is that program supposed to do?

Mr. LOVELL. It is predominantly aimed at the disadvantaged but it does have a title in it for displaced workers, which is 50 percent federally financed and 50 percent locally financed and does provide for training, job search, and other services for the displaced worker. It is the first time since 1965 that some service would be available to all displaced workers.

I hope as we gain experience that we can move on to other things that seem to be useful and wise. The House bill has a comparable provision, but it is a very different kind of bill. Hopefully, it is going to be worked out in conference.

Chairman GIBBONS. Well, you know, as I say, we have had this program for 20 years. It came in in the 1962 Trade Expansion Act.

We have had thousands of programs carried on under the antipoverty program, experimental job and training programs, and then we have had CETA, and yet, nowhere do I find in the Department of Labor, or in the Department of Education any continuity in carrying out the studies of what is successful and what has not been successful.

Have you all attempted to coordinate something like that?

Mr. LOVELL. Oh, yes; as a matter of fact, the administration, in taking a look at these programs going back as far as we could remember—maybe back to Smith-Hughes—found that the most successful programs are for certain kinds of disadvantaged people. That is where we have had the most experience, with the institutional training programs.

Chairman GIBBONS. That is because you had to teach them how to read and write.

Mr. LOVELL. Some of them. In terms of the best criterion, I know, which is increased income over time compared with a controlled group of a similar people who did not participate, these kinds of programs seem to work best.

We have had some success with Job Corps in the same regard. The least effective are the income transfer programs, which have had little effect—public service employment and other programs of that kind.

We have learned a lot. We do not intend to sacrifice everything we have learned. We want to take advantage of it. We just don't want to keep on doing the same things that we have always done, just because the unemployment rate is high.

Chairman GIBBONS. All these programs work under some circumstances, the circumstances being vastly different within the areas?

Mr. LOVELL. Mr. Chairman, programs vary in terms of their content, the capacity of the people running them, and the needs of the people who are taking them.

There are a wide variety of variables but in all the evaluations over the years, the highest scores in working with the disadvantaged are in your institutional and OJT programs.

Basically the MDTA models, and the other things have not been as valuable.

A displaced worker is a different person; he is not a disadvantaged person; he is a person well disciplined with good work habits, a person established in the community whose needs are somewhat different. I must say just for the record, I have to take issue with you in terms of the characterization of this administration's lack of interest. That is just not so, and I appreciate political positioning and all of that sort of thing, but that just is not so. This administration is going to stand up to any previous administration in terms of its concern.

It is not as popular to go through a period where you are forced to reduce Federal expenditures as it is when you are increasing them. Everybody is a good guy, when you are spending money, but we are trying to do some things that are needed, hard to do, and not popular to do but which we think will create jobs and make life better for the working people over time.

That is what we want to do but we disagree as to how to do it.

Mr. PEASE. Will the Chairman yield?

You said it is tougher to do things when we have to cut back on spending.

The administration is not responding to a requirement that it must cut back, it is proposing a cutback on spending for these programs.

In the administration's budget book, under special target groups, the existing law provided for $874 million in 1981, estimated $692 million in 1982, and you are proposing $180 million for 1983 and $200 million for 1984.

Mr. LOVELL. Employment training?

Mr. PEASE. Special target groups which includes TAA and others.

Mr. LOVELL. Yes; well, we can talk about that in terms of the administration's original intent. The bill that went through the Senate committee which the administration is basically happy with, does have a special title for the displaced worker, separate from these other groups.

Mr. PEASE. What amount of money?

Mr. LOVELL. Those funds that are necessary to carry out the purposes of the act.

Mr. PEASE. What is the administration supporting by way of appropriation?

Mr. LOVELL. $2.4 billion.

Mr. PEASE. How much?

Mr. LOVELL. $2.4 billion.

Mr. PEASE. Compared with $4.1 billion in 1981 under existing law?

Mr. LOVELL. Not really. That does not take into account summer youth.

Mr. PEASE. I see.

Thank you, Mr. Chairman.

Chairman GIBBONS. Well, I hope I live long enough to see you change your position.

Mr. LOVELL. I hope we all live long enough to see those programs work.

Chairman GIBBONS. They will work, if we use some imagination. You can't train them for a job that never existed, so I am aware that you have to have that end of the equation, but I tell you, I have watched the work of the State employment or U.S. employment service, and that is not an employment service operation.

If a person gets any counseling that is worthwhile, I am not aware of it. A person displaced needs a lot of help, and you may call it handholding or anything else.

They pass out unemployment compensation checks and get the hell out of there as quickly as possible.

I can remember years ago when people used to call the employment service, to find people looking for work; I don't find anybody doing that anymore, and it is because the attitude in those offices is, to hell with employment; we are handing out checks, and that is it. I think that the whole system is mixed up.

If you think that is a political statement, you have not heard me when I get warmed up.

Mr. LOVELL. No, I don't, because I have heard that kind of statement about the employment service from people on the other side of the aisle. I hope that is not universally true. There is no excuse for the employment service not meeting the needs of the people they are supposed to serve.

Chairman GIBBONS. Can you tell the people where the jobs are, when they come in?

Mr. LOVELL. We can tell them where a lot of jobs are, yes sir. This is not an agency that is reputed to be the most efficient of any governmental service.

Chairman GIBBONS. Why isn't it? It has been in existence since the 1930's. That is long enough.

Mr. LOVELL. One of the things we are considering is whether or not we should turn these agencies over to the States to run. I ran one in Michigan, and the Governor knew that the money came from the Federal Government. So I used to say, well, you don't have to worry about this, the money comes from the Federal Government. I would tell the people they didn't have to worry, because I work for the Governor.

Chairman GIBBONS. I have run into this buckpassing in these 50/50 programs, and that is why I have such a jaundiced view of your proposal.

Mr. LOVELL. The employment service is 100 percent federally financed, run by the States.

Anyway, one way, and I don't know——

Chairman GIBBONS. The people in there think they work for the Governor and it depends upon who you are passing the buck from.

Mr. LOVELL. I am not as familiar with the Florida agency as I am with others.

Chairman GIBBONS. I am with others in lots of States.

Mr. LOVELL. They are not all that bad.

Chairman GIBBONS. Name a good one.

Mr. LOVELL. When I was running it, Michigan.

Chairman GIBBONS. When you were running it?

Mr. VANDER JAGT. That happens to be true, Mr. Chairman.

Chairman GIBBONS. Maybe we ought to send you back there.

I have talked enough. I am just very unhappy, really, with the way the whole job training and job search program has been conducted in this country.

We are squandering our most precious resource, the human resource. While it is renewable, it is kind of cruel to think about the process by which it comes through and has one chance, and then it is gone. This whole process of adjustment and readjustment is a process in which, while the States can perhaps do a good job, I think about how the jobs are in Georgia and the agencies are in

Florida, what the heck is the Florida agency going to know about what is going on in Georgia? It would probably be the other way around, but it won't work on a State basis.

Mr. LOVELL. Seriously, we would like to work with this subcommittee, and if you would like, we can explore ideas, and we will provide whatever resources we can to you, to the members of your staff, to see whether we can work together.

Chairman GIBBONS. I would rather work with you than against you. We have never had any kind of cooperation from any administration over trade adjustment assistance.

When we did put enough money in it, you all conveniently ran so far behind that it made the program ridiculous. People were back on the job before they ever got the first benefit out of the program.

Mr. LOVELL. We spent a lot of money on it.

Chairman GIBBONS. All right. Well, let's go to the next witnesses. Mr. Brodhead.

Mr. BRODHEAD. I have a statement to be entered into the record at this point.

Chairman GIBBONS. Certainly.

[The prepared statement follows:]

STATEMENT OF HON. WILLIAM M. BRODHEAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Chairman, as an original cosponsor of H.R. 6482, I appreciate the opportunity to express my strong support for the bill.

No state has been hit harder than Michigan by the current recession. For over two straight years, the state has been in double-digit unemployment. This is not to say that the nation as a whole is not in rather dire straits, but merely to point out the severity of the problem in Michigan and in other northern industrial states.

For Michigan and these other states, this recession has been aggravated to a point which can fairly be called a depression. The reason is Michigan's heavy reliance on a healthy automobile industry, a condition which does not exist now and has not existed since 1979.

Frankly, Mr. Chairman, Michigan knows how to deal with a recession. Our state knows full well the ordinary industrial cycle, and until the past two and a half years, has dealt with its effects very well. Michigan already contributes far more to the federal treasury in taxes than it gets in return.

What Michigan cannot deal with is the combination of circumstances that presently weigh upon the state: a national economic policy of high interest rates; unilateral free trade policies with respect to Japan, putting our auto industry at a competitive disadvantage; and an assault on programs such as Trade Adjustment Assistance and Unemployment Compensation which are intended to mitigate the problems caused by the kinds of policies I have mentioned.

I applaud my colleague Mr. Pease for the introduction of his bill, which represents a step toward redressing this situation by taking some of the revenues that derive from our heavy imports, and devoting them to addressing the problems that have been caused by these imports. And it goes directly to the heart of the problem: the fact that many of our industrial workers are unprepared to take other kinds of jobs. Ironically, this is occurring at a time when there is a growing number of available jobs in high-technology fields. Unless we can develop a sufficient workforce for these new fields, our country will lose even more ground in international competition, and all Americans will suffer as a result.

H.R. 6482 is a measure which is sound, well-reasoned, not extravagant, and in the interest not only of workers who are unemployed, but all Americans who stand to benefit from progress in our economy. I am very pleased at the strong showing of support for the bill among the members of the Subcommittee, and I hope that we will act expeditiously and favorably on the bill.

Mr. BRODHEAD. I don't really need to say anything, Mr. Chairman, beyond what I have already said.

I disagree with the approach that is maintained in here, and support the legislation introduced by my colleague, Mr. Pease.

Thank you, Mr. Chairman.

Chairman **Gibbons**. Mr. Stephen Koplan, legislative representative, Department of Legislation, AFL-CIO.

Mr. **Brodhead**. What about Mr. Majerus?

Mr. **Majerus**. We will go ahead with the panel.

Mr. **Koplan**. I will not read my full statement in the record. I will summarize my statement.

STATEMENT OF STEPHEN KOPLAN, LEGISLATIVE REPRESENTATIVE, DEPARTMENT OF LEGISLATION, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, ACCOMPANIED BY ELIZABETH JAGER, ECONOMIST

Mr. **Koplan**. The AFL-CIO appreciates this opportunity to express its views in support of H.R. 6482, a bill to improve worker training under the Trade Act of 1974. This proposal, introduced last month by Representative Pease and others, including Subcommittee Chairman Gibbons and Representatives Jenkins, Downey, Brodhead, and Bailey, provides some needed improvements in what little is left of the trade adjustment assistance program.

We decry the failure of Congress to carry out its promise to provide a measure of financial, relocation and job training assistance under the original legislation. We do not view this proposal as a substitute for a fair trade policy.

We do applaud, however, the efforts of the sponsors of H.R. 6482 to provide some meaningful training for workers who have lost their jobs, their wages, their medical benefits, their seniority, their homes—in short, whatever security had been achieved in their work life. In addition, we appreciate the swiftness of Chairman Gibbons in scheduling this hearing.

We believe that the proposals incorporated in H.R. 6482 are modest steps to partially redress some of the heartless injustices inflicted on the trade adjustment assistance program in the Omnibus Budget Reconciliation Act of 1981. We urge the subcommittee to give serious consideration to reestablishing a meaningful trade adjustment assistance program. Therefore, we recommend initially that the subcommittee adopt the following changes as provided in H.R. 6482:

First, restore the language in the test for eligibility to apply for adjustment assistance to "contributed importantly," as it was in the Trade Act of 1974. That means that a group of workers must prove that rising imports "contributed importantly" to their job loss, or the threat thereof, and to a decline in sales or production. These tests must be met before any group of workers can be certified to apply for adjustment assistance.

The AFL-CIO has historically protested the complicated bureaucratic procedures that have been used to deny workers adjustment assistance. The tests under "contributed importantly" had been interpreted to make it arbitrarily difficult for workers to qualify.

But the Omnibus Budget Reconciliation Act of 1981 changed even this test to a stricter requirement that is even more bureaucratically complicated and subjective: A group of workers must prove that rising imports "were a substantial cause of" their job loss and the decline in sales or production in order to be certified.

There was never any justification for this substantial cause test in budget terms. The phrase "contributed importantly" had been put in the law in 1974 because import-affected workers had been unable to get any of the promised trade adjustment assistance between 1962 and 1969. The substantial cause test is, therefore, a throwback to make it possible to deny virtually all workers any promised relief under trade adjustment assistance while the program remains a part of the law.

"Substantial cause" is defined as "a cause which is important and not less than any other cause", as used in section 201 of the Trade Act of 1974.

There are no guidelines in any body of law that define what this means. There are not even any guidelines to help the Congress know what it means.

But American autoworkers know what it has meant in section 201 of the Trade Act of 1974: Despite the fact that the entire International Trade Commission found the auto industry had been injured, the members of the ITC decided in a 3 to 2 vote that imports were not greater than any other cause of the injury. Thus, the auto industry and workers got no relief from imports now costing the United States jobs and production in towns and cities across the Nation.

Those who are affected by import losses will, therefore, be unable to prove a case unless the "contributed importantly" standard is restored. In short, unless this provision contained in H.R. 6482 is passed, there will not be adjustment assistance for workers, since it will be almost impossible to prove eligibility.

For these reasons, we believe that elimination of the substantial cause test is a necessary first step to maintaining even the skeletal remains of a trade adjustment assistance program.

Second, workers should be entitled to training assistance which the Trade Act of 1974 promises. H.R. 6482 changes the current provisions of the Trade Act of 1974 to state that the Secretary shall approve training instead of may approve such training.

One purpose of trade adjustment assistance is to help workers adjust to new jobs and to be able to get new jobs.

In 1981, the administration performed radical surgery on the cash-benefit side of the trade adjustment assistance, based on the argument that any future program must emphasize training, job search, and relocation. Since then, it has sought to eliminate cash benefits by July 1.

The most recent attempt to achieve that goal is embodied in H.R. 6509, introduced by request on May 27. We urge that the subcommittee reject H.R. 6509. While the AFL-CIO opposes the decimation of the cash-benefit program, we certainly support the proposals to improve training, job search and provide relocation allowances that are included in H.R. 6482.

It has made no sense to require that unemployed workers prove that they have been injured, gain access to the program and then, after all the qualifications have been met, find there are either insufficient or no training funds available to carry out that side of the program.

These changes are long overdue.

In 1981, funding for the trade adjustment assistance program was changed to provide that it must go through the regular authorization and appropriation processes. H.R. 6482 generally restores the trust fund concept originally contained in the Trade Act of 1974, thus calling for trade adjustment assistance funding from the collection of customs duties on imports.

Customs duties are now at a level of about $8 billion, including over $1 billion from imported vehicles. Thus, the money for training, job search and relocation allowances will not require struggling through the regular authorization and appropriation processes.

Third, the "suitable work" standard for workers who have lost their jobs because of imports should be changed, so that they will not be forced to take jobs at the minimum wage or lose their right to trade adjustment assistance benefits or training at the end of the first 26 weeks of unemployment compensation. That is the current state of the law.

Thus, a trade adjustment assistance program no longer guarantees a 52-week program.

The Federal-State Extended Unemployment Compensation Act of 1970 under H.R. 6482 would again be amended by adding a new clause—a new improved definition of "suitable work" for trade adjustment assistance purposes. The new test would be "work of a substantially equal or higher skill level than the worker's past adversely affected employment" and "wages for such work at not less than 80 percent of the individual's average weekly wage for his most recent base period."

This proposal should at least help to create adjustment assistance for workers, rather than to create a new group of the working poor whose jobs were lost because of the Federal Government's trade policy.

In addition, the AFL-CIO urges the subcommittee to give serious consideration to extending the coverage of the trade adjustment assistance program to workers who work for independent suppliers of parts and services.

This has long been a goal of those who are interested in having an effective, nondiscriminatory adjustment assistance program. This concept was passed by the House of Representatives in the last Congress, and has become an ever more important need as the inequities of the current law are becoming more evident.

The basic inequity under the law is that those who are now unemployed because imports have cost them their jobs are generally not covered by trade adjustment assistance unless they are employed by a firm which makes an import-impacted end product. Thus, the worker who is displaced by imported television sets can be eligible if his firm makes television parts and television sets. But if the firm for which he works only makes parts for television sets, the worker is not covered.

Also affected would be an auto worker employed by an auto parts supplier. Even worse, a cafeteria worker employed by an independent food services firm in an auto plant cannot get certified under current law, even though every other worker in the plant is covered. And workers who drive the trucks to deliver cars are ineligible unless they work for the firm which is the producer of the cars.

Thus, coverage has depended not on what the worker does, but on who owns the plant. Parts and service workers should be covered under the same standards that are used for workers who are employed to make the final product.

This is a minimal change that is long overdue and which is essential to remove some of the most glaring inequities in the trade adjustment assistance program. The AFL-CIO has long urged the extension of benefits to such workers. In sum, all parts and service workers should be eligible for trade adjustment assistance coverage.

We also urge that the law be amended to address the abuse in the current requirements that the worker who is certified as eligible to apply for adjustment assistance must also have had 26 weeks of employment in the last year prior to the layoff because of import injury in order to qualify for adjustment assistance.

This requirement was originally put into the law so that there would not be an abuse of the trade adjustment program by qualifying for 52 weeks of benefits, workers who had only worked a few weeks.

Instead, the requirement of 26 weeks' employment has been used to deny benefits to workers who had worked for many years, but were injured on the job or on sick leave or unjustifiably laid off during the last year of service.

For example, an employee with 20 years' service who was injured on the job and out of work for much of the last year before the plant was shut down, now receives no trade adjustment assistance benefit because of the 26-week requirement.

The same is true of an employee with high seniority who was unjustifiably laid off for a long period during the year prior to the date of import injury and has received back pay.

We recommend an exemption from the calculation of the 26-week work eligibility requirement the weeks a worker has been on workers' compensation We also urge this exemption from the 26-week work requirement for a worker who has been unjustifiably laid off, but for which the worker is later compensated. We also recommend immediate restoration of the national standard of 70 percent of lost pay for measuring trade adjustment assistance cash benefit levels.

Mr. Chairman, we believe the subcommittee should adopt H.R. 6482 as a positive measure to assist workers who have lost their jobs through no fault of their own, but rather, because of U.S. trade policy. In addition, we urge the adoption of our recommendations for additional improvements as amendments to the bill.

[The prepared statement follows:]

STATEMENT OF STEPHEN KOPLAN, LEGISLATIVE REPRESENTATIVE, DEPARTMENT OF LEGISLATION, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

SUMMARY

We believe that the proposals incorporated in H.R. 6482 are modest steps to partially redress some of the heartless injustices inflicted on the Trade Adjustment Assistance program in the Omnibus Budget Reconciliation Act of 1981. We urge the subcommittee to give serious consideration to reestablishing a meaningful Trade Adjustment Assistance program. Therefore, we recommend initially that the subcommittee adopt the following changes as provided in H.R. 6482:

First, restore the language in the test for eligibility to apply for adjustment assistance to "contributed importantly," as it was in the Trade Act of 1974.

Second, workers should be entitled to training assistance which the Trade Act of 1974 promises. H.R. 6482 changes the current provisions of the Trade Act of 1974 to state that the Secretary "shall approve" training instead of "may approve" such training.

It has made no sense to require that unemployed workers prove that they have been injured, gain access to the program and then, after all the qualifications have been met, find there are either insufficient or no training funds available to carry out that side of the program.

These changes are long overdue.

In 1981, the Administration performed radical surgery on the cash benefit side of Trade Adjustment Assistance, based on the argument that any future program must emphasize training, job search and relocation. Since then, it has sought to eliminate cash benefits by July 1. The most recent attempt to achieve that goal is embodied in H.R. 6509, introduced by request on May 27. We urge that the subcommittee reject H.R. 6509. While the AFL-CIO opposes the decimation of the cash benefit program, we certainly support the proposals to improve training, job search and provide relocation allowances that are included in H.R. 6482.

Third, the "suitable work" standard for workers who have lost their jobs because of imports should be changed, so that they will not be forced to take jobs at the minimum wage or lose their right to Trade Adjustment Assistance benefits or training at the end of the first 26 weeks of unemployement compensation. That is the current state of the law.

Thus, a Trade Adjustment Assistance program no longer guarantees a 52-week program.

In addition, the AFL-CIO urges the subcommittee to give serious consideration to extending the coverage of the Trade Adjustment Assistance program to workers who work for independent suppliers of part and services.

This has long been a goal of those who are interested in having an effective, nondiscriminatory adjustment assistance program. This concept was passed by the House of Representatives in the last Congress, and has become an ever more important need as the inequities of the current law are becoming more evident.

We also urge that the law be amended to address the abuse in the current requirements that the worker who is certified as eligible to apply for adjustment assistance must also have had 26 weeks of employment in the last year prior to the lay-off because of import injury in order to qualify for adjustment assistance.

This requirement was originally put into law so that there would not be an abuse of the trade adjustment program by qualifying for 52 weeks of benefits, workers who had only worked a few weeks.

Instead, the requirement of 26 weeks' employment has been used to deny benefits to workers who had worked for many years, but were injured on the job or on sick-leave or unjustifiably laid off during the last year of service.

We also recommend immediate restoration of the national standard of 70 percent of lost pay for measuring Trade Adjustment Assistance cash-benefit levels.

We believe the subcommittee should adopt H.R. 6482 as a positive measure to assist workers who have lost their jobs through no fault of their own, but rather, because of U.S. trade policy. In addition, we urge the adoption of our recommendations for additional improvements as amendments to the bill.

STATEMENT

The AFL-CIO appreciates this opportunity to express its views in support of H.R. 6482, a bill to improve worker training under the Trade Act of 1974. This proposal, introduced last month by Rep. Pease and others, including subcommittee Chairman Gibbons and Reps. Jenkins, Downey, Brodhead and Bailey, provides some needed improvements in what little is left of the Trade Adjustment Assistance program.

We decry the failure of Congress to carry out its promise to provide a measure of financial, relocation and job training assistance under the original legislation. We do not view this proposal as a substitute for a fair trade policy.

We do applaud, however, the efforts of the sponsors of H.R. 6482 to provide some meaningful training for workers who have lost their jobs, their wages, their medical benefits, their seniority, their homes—in short, whatever security had been achieved in their work life. In addition, we appreciate the swiftness of Chairman Gibbons in scheduling this hearing.

At the AFL-CIO Convention in New York last November, the delegates adopted a policy resolution on International Trade and Investment which stated in pertinent part:

"The slashing of Trade Adjustment Assistance, that has resulted from the budget cuts, must be reversed. Those workers who lose their jobs because of imports should receive the 70 percent of lost pay for up to one year, and the training and relocation aid that they were promised in the Trade Acts of 1974 and 1979."

Most recently, on February 15, 1982, at the AFL-CIO Executive Council meeting in Bal Harbour, Florida, a statement was adopted that included a call for "extension of Trade Adjustment Assistance to provide adequate compensation to those unemployed because of trade, and improve training, job search, and relocation aid to those displaced workers who need such help." (Full text attached.)

We believe that the proposals incorporated in H.R. 6482 are modest steps to partially redress some of the heartless injustices inflicted on the Trade Adjustment Assistance program in the Omnibus Budget Reconciliation Act of 1981. We urge the subcommittee to give serious consideration to reestablishing a meaningful Trade Adjustment Assistance program. Therefore, we recommend initially that the subcommittee adopt the following changes as provided in H.R. 6482:

First, restore the language in the test for eligibility to apply for adjustment assistance to "contributed importantly", as it was in the Trade Act of 1974. That means that a group of workers must prove that rising imports "contributed importantly" to their job loss, or the threat thereof, and to a decline in sales or production. These tests must be met before any group of workers can be certified to apply for adjustment assistance.

The AFL-CIO has historically protested the complicated bureaucratic procedures that have been used to deny workers adjustment assistance. The tests under "contributed importantly" had been interpreted to make it arbitrarily difficult for workers to qualify.

But the Omnibus Budget Reconciliation Act of 1981 changed even this test to a stricter requirement that is even more bureaucratically complicated and subjective: A group of workers must prove that rising imports "were a substantial cause of" their job loss and the decline in sales or production in order to be certified.

There was never any justification for this "substantial cause" test in budget terms. The phrase "contributed importantly" had been put in the law in 1974 because import-affected workers had been unable to get any of the promised trade adjustment assistance between 1962 and 1969. Only a marginal number had been able to qualify by 1974. The "substantial cause" test is, therefore, a throwback to make it possible to deny virtually all workers any promised relief under Trade Adjustment Assistance while the program remains a part of the law.

"Substantial cause" is defined as "a cause which is important and not less than any other cause," as used in Section 201 of the Trade Act of 1974.

There are no guidelines in any body of law that define what this means. There are not even any guidelines to help the Congress know what it means.

But American auto workers know what it has meant in Section 201 of the Trade Act of 1974: Despite the fact that the entire International Trade Commission found the auto industry had been injured, the members of the ITC decided in a 3-to-2 vote that imports were not greater than any other cause of the injury. Thus, the auto industry and workers got no relief from imports now costing the United States jobs and production in towns and cities across the nation.

Those who are affected by import losses will, therefore, be unable to prove a case unless the "contributed importantly" standard is restored. In short, unless this provision contained in H.R. 6482 is passed, there will not be adjustment assistance for workers, since it will be almost impossible to prove eligibility.

For these reasons, we believe that elimination of the "substantial cause" test is a necessary first step to maintaining even the skeletal remains of a Trade Adjustment Assistance program.

Second, workers should be entitled to training assistance which the Trade Act of 1974 promises. H.R. 6482 changes the current provisions of the Trade Act of 1974 to state that the Secretary "shall approve" training instead of "may approve" such training.

One purpose of Trade Adjustment Assistance is to help workers adjust to new jobs and to be able to get new jobs.

In 1981, the Administration performed radical surgery on the cash benefit side of Trade Adjustment Assistance, based on the argument that any future program must emphasize training, job search and relocation. Since then, it has sought to eliminate cash benefits by July 1. The most recent attempt to achieve that goal is embodied in H.R. 6509, introduced by request on May 27. We urge that the subcommittee reject H.R. 6509. While the AFL-CIO oppposes the decimation of the cash benefit program, we certainly support the proposals to improve training, job search and provide relocation allowances that are included in H.R. 6482.

It has made no sense to require that unemployed workers prove that they have been injured, gain access to the program and then, after all the qualifications have been met, find there are either insufficient or no training funds available to carry out that side of the program.

These changes are long overdue.

In 1981, funding for the Trade Adjustment Assistance program was changed to provide that it must go through the regular authorization and appropriation processes. H.R. 6482 generally restores the trust fund concept originally contained in the Trade Act of 1974, thus calling for Trade Adjustment Assistance funding from the collection of customs duties on imports. Customs duties are now at a level of about $8 billion, including over $1 billion from imported vehicles. Thus, the money for training, job search and relocation allowances will not require struggling through the regular authorization and appropriation processes.

Third, the "suitable work" standard for workers who have lost their jobs because of imports should be changed, so that they will not be forced to take jobs at the minimum wage or lose their right to Trade Adjustment Assistance benefits or training at the end of the first 26 weeks of unemployment compensation. That is the current state of the law.

Thus, a Trade Adjustment Assistance program no longer guarantees a 52-week program.

The Federal-State Extended Unemployment Compensation Act of 1970 under H.R. 6482 would again be amended by adding a new clause—a new improved definition of "suitable work" for Trade Adjustment Assistance purposes. The new test would be "work of a substantially equal or higher skill level than the worker's past adversely affected employment" and "wages for such work at not less than 80 percent of the individual's average weekly wage for his most recent base period."

This proposal should at least help to create adjustment assistance for workers, rather than to create a new group of the working poor whose jobs were lost because of the federal government's trade policy.

In addition, the AFL-CIO urges the subcommittee to give serious consideration to extending the coverage of the Trade Adjustment Assistance program to workers who work for independent suppliers of parts and services.

This has long been a goal of those who are interested in having an effective, nondiscriminatory adjustment assistance program. This concept was passed by the House of Representatives in the last Congress, and has become an ever more important need as the inequities of the current law are becoming more evident.

The basic inequity under the law is that those who are now unemployed because imports have cost them their jobs are generally not covered by Trade Adjustment Assistance unless they are employed by a firm which makes an import-impacted end product. Thus, the worker who is displaced by imported television sets can be eligible if his firm makes television parts and television sets. But if the firm for which he works only makes parts for television sets, the worker is not covered. Also affected would be an auto worker employed by an auto parts supplier. Even worse, a cafeteria worker employed by an independent food services firm in an auto plant cannot get certified under current law, even though every other worker in the plant is covered. And workers who drive the trucks to deliver cars are ineligible unless they work for the firm which is the producer of the cars.

Thus, coverage has depended not on what the worker does, but on who owns the plant. Parts and service workers should be covered under the same standards that are used for workers who are employed to make the final product.

This is a minimal change that is long overdue and which is essential to remove some of the most glaring inequities in the Trade Adjustment Assistance program. The AFL-CIO has long urged the extension of benefits to such workers. In sum, all parts and service workers should be eligible for Trade Adjustment Assistance coverage.

We also urge that the law be amended to address the abuse in the current requirements that the worker who is certified as eligible to apply for adjustment assistance must also have had 26 weeks of employment in the last year prior to the lay-off because of import injury in order to qualify for adjustment assistance.

This requirement was originally put into the law so that there would not be an abuse of the trade adjustment program by qualifying for 52 weeks of benefits, workers who had only worked a few weeks.

Instead, the requirement of 26 weeks' employment has been used to deny benefits to workers who had worked for many years, but were injured on the job or on sick-leave or unjustifiably laid off during the last year of service.

For example, an employee with 20 years' service who was injured on the job and out of work for much of the last year before the plant was shut down, now receives no Trade Adjustment Assistance benefit because of the 26-week requirement.

The same is true of an employee with high seniority who was unjustifiably laid off for a long period during the year prior to the date of import injury and has received back pay.

We recommend an exemption from the calculation of the 26-week work eligibility requirement the weeks a worker has been on workers' compensation. We also urge this exemption from the 26-week work requirement for a worker who has been unjustifiably laid off, but for which the worker is later compensated. We also recommend immediate restoration of the national standard of 70 percent of lost pay for measuring Trade Adjustment Assistance cash benefit levels.

Mr. Chairman, we believe the subcommittee should adopt H.R. 6482 as a positive measure to assist workers who have lost their jobs through no fault of their own, but rather, because of U.S. trade policy. In addition, we urge the adoption of our recommendations for additional improvements as amendments to the bill.

STATEMENT OF THE AFL-CIO EXECUTIVE COUNCIL ON INTERNATIONAL TRADE AND INVESTMENT—FEBRUARY 15, 1982, BAL HARBOR, FLA.

The recession-bound U.S. economy continues to lose jobs and production, a trend aggravated by mismanaged trade policies and practices. The U.S. trade balance suffered a record $40 billion deficit in 1981. As the world faces recession, many nations are increasing their barriers to imports of U.S. goods and further subsidizing their exports to the U.S. The Reagan Administration is ignoring these facts.

The Administration's monetary policies have brought a high value to the dollar—up 16 percent against major currencies since 1980—encouraging imports and retarding exports. These monetary policies have thus dealt a double blow—a downturn at home and a disaster in trade from added imports and slackening exports.

U.S. basic industries, already in need of revitalization, have been severely injured by the impact of expanded imports on top of the recession. Steel has suffered import penetration of about 20-25 percent of the U.S. market since last August. Auto imports in 1981 increased their share of a falling market to 31 percent in January. Apparel imports were over 33 percent of the market. Machinery and machinery parts imports caused new concern in a weakened market. With import pressure mounting, virtually every type of manufacturing and related services felt the brunt of lost orders both at home and abroad.

Instead of imports declining as they usually do in a recession, products of more than one-quarter of the manufacturing industries showed a sharp import rise in the third-quarter of 1981 over the same period the year before—these include such varied items as tires, glass, apparel, hand tools, nuts and bolts, machine tools, roller bearings, semiconductors, motor vehicle parts, canned fish, aircraft engines and spacecraft parts.

Even America's newest industries, the so-called "high technology industries," are beginning to be hurt by imports. By January 1982, the New York Times was reporting that the United States had lost its lead in computer chip technology and production of aircraft parts was expanded into closed economies—including the People's Republic of China.

While imports of manufactured goods rose 13 percent in 1981, exports of manufactured goods were up only 7 percent. There has been inadequate attention to the composition of exports. The dollar value of exports does not tell the full story in terms of jobs and products. For example, the U.S. exports much raw material involving relatively little labor instead of manufactured goods and processed foods which require considerable labor input.

Instead of continuing trade adjustment assistance promised to workers injured by imports, the Administration's 1983 budget proposal calls for a mere 1 percent of the 1981 outlays for trade adjustment assistance and a complete end of the program in 1984.

The only recognition of the need to act in the U.S. interest was the conclusion of the Multifiber Arrangement.

The AFL-CIO calls upon the President and the Congress to undertake a number of specific measures in the trade area:

Placement of temporary restrictions on harmful imports during the term of the recession to prevent added penetration of U.S. markets by foreign producers and a further weakening of the U.S. industrial base.

Enactment of additional domestic content laws to protect endangered U.S. industries, such as H.R. 5133, which assures the continued U.S. capability to produce autos.

Speedy and effective handling of the dumping and subsidy cases in steel, to assure the promised redress for these unfair trade practices.

Ending of the President's continued authority to negotiate further tariff reduction.

Assurance that a portion of U.S. raw material exports be processed in this country, so that export of products such as grain, logs, etc., is conditioned upon specific domestic processing.

Establishment of bilateral shipping agreements and adherence to cargo preference laws.

Extension of the "manufacturing clause" of the U.S. Copyright Law to protect against widespread losses of jobs in the printing industry.

Extension of Trade Adjustment Assistance to provide adequate compensation to those unemployed because of trade, and improve training, job search, and relocation aid to those displaced workers who need such help.

Commitment that foreign grant, insurance and loan programs, such as the Export-Import Bank, are carefully managed to safeguard U.S. interests at home and abroad. Despite defects of the Ex-Im Bank, funds must not be slashed until other countries cut or eliminate their subsidy programs. Ex-Im bank funds and guarantees must not be extended to any Communist countries.

Aid in the development of Caribbean nations needs to be enhanced, but proposals for "one-way" free trade and additional investment incentives to U.S. firms for investing abroad should be rejected.

Vigorous enforcement of reciprocity provisions of the Trade Act must be undertaken.

The AFL-CIO believes that enforcement of the Trade Act and the fashioning of new remedies to assure a strong and diversified U.S. industrial structure are essential for America's well being.

Chairman GIBBONS. Thank you.

STATEMENT OF RAYMOND MAJERUS, SECRETARY-TREASURER, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, ACCOMPANIED BY LEONARD PAGE, ASSOCIATE GENERAL COUNSEL; AND EUGENE I. CASRAISS, JR., LEGISLATIVE REPRESENTATIVE

Mr. MAJERUS. I am Raymond Majerus, UAW secretary-treasurer. I am appearing on behalf of the UAW, and I join our colleagues in support of H.R. 6482, and we vigorously oppose 6509, the administration proposal to terminate the TAA program.

With me is our associate general counsel, Leonard Page, and legislative representative, Gene Casraiss.

I want to make a point, and I wish the Secretary were still here, because if he were here, I would like to be able to say that his attitude on many things was troublesome and bothersome. I wonder if he has really read the criteria of the bill in order to engage in the training, and the strict requirements that are involved there. And, more importantly, I wonder if he has even paid any attention to the President's position, about the question of training, because if he agreed with what President Reagan said: "To make more people qualified to go and apply for those jobs, we are going to do everything we can in that regard."

What he was speaking of, he was holding up then the classified ads of some 24 pages of classified ads, suggesting, if you will, that workers could, upon demand, without knowledge, simply get these jobs if they were willing to take the training for them. There were many things about his testimony that bothered us a great deal, and we were hoping he would be here. I would rather not talk to him about it over a beer, but in front of a group of unemployed workers who have lost their jobs. You described the condition of the workers when they have had their jobs taken away from them.

I would like to enter my 17 pages of testimony that we have prepared, and I will now summarize that testimony for the committee.

Thank you.

The UAW vigorously supports passage of H.R. 6482 and opposes the administration proposal to terminate the trade adjustment assistance [TAA] program.

Adjustment assistance was founded on a special covenant with U.S. workers formed over 20 years ago with the passage of the Trade Expansion Act of 1962. Every President and every Congress since then has renewed the pledge that trade liberalization would only occur where the innocent victims of increased imports receive this special assistance. We cannot believe that Congress will renege on that covenant at the very moment TAA is needed most.

The trade liberalization aspect of the trade covenant has obviously worked well. The total value of manufactured imports has risen from $77 billion in 1976 to $140 billion in 1981.

At the same time, unemployment has reached new post-World War II records: 10.5 million workers are officially reported as unemployed; another 1.3 million have stopped looking for work. In the auto industry, overseas imports, primarily from Japan, captured 27.3 percent of the new car market in 1981. The U.S. auto industry is operating at 53 percent capacity and has produced only 1.1 million automobiles in the first quarter of 1982. Approximately 260,000 workers are laid off from the five domestic producers.

TAA has not worked primarily because the U.S. Department of Labor has deliberately refused to promote or seek adequate funding for training job search and job relocation benefits. There were absolutely no training funds available from March 1980 to March 1982. Given the Secretary's failure, it is no wonder that these programs have been little used. But the low usage rates do not mean that these benefits are not wanted. A 1980 survey by the Michigan Employment Security Commission showed that 78 percent of TAA program participants wanted training and 38 percent would relocate to take a job.

Once again, I wonder if the Secretary has spent any time with displaced workers, all over this country, workers who are willing to relocate and take that training, and they don't need to be found, if you will. They need to be only those who are out of jobs with no hope of return, and when you have an industry like the auto industry operating at 53 percent of its capacity, and you know if you are laid off from that industry, you are not going to get back. You need some help, and you must relocate and have training to do that.

You cannot simply go out and upon demand get a job.

This year's failure of the administration to make good on its pledge to appropriate $112 million for training in exchange for slashing trade readjustment allowances and the Secretary's abysmal record on promoting training are the best arguments for making training part of the TAA entitlement package. Only then can we be assured that the Secretary will seek adequate funding and thereby promote and publicize training for TAA participants. With 1 million skilled and semiskilled jobs going begging today despite almost 12 million unemployed, no one should oppose a program to provide training to the victims of our national trade policies.

However, several major problems not addressed in H.R. 6482 need to be corrected.

First, something has to be done about the low petition approval rate. Fifty percent of the petitions filed in 1975 were approved. That approval rate plunged to 8 percent in 1981 and has been 14 percent so far in 1982. Our figures show that the figures really were 8 percent in 1981 and 14 percent in 1982.

The Secretary cannot possibly justify such results at a time of record high imports and unemployment. Nothing is accomplished if we finally reform the program benefit structure by passing H.R. 6482 only to let the Secretary continue to sit on the certification process.

Second, the TAA program must finally be extended to component parts and suppliers. Now that TAA is essentially a training program, there should be no opposition to expanding the pool of potential trainees to cover all the victims of Federal trade policies.

It is time for Congress to finally let the TAA program achieve its objectives of helping the victims of national trade policies. Unless H.R. 6482 is passed, labor will be forced to ask for a reexamination of our trade policies.

I will be most happy to answer any questions that may be raised to us.

[The prepared statement follows:]

STATEMENT OF RAYMOND MAJERUS, SECRETARY-TREASURER, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA (UAW)

My name is Raymond Majerus. I am Secretary-Treasurer of the International Union, UAW. In addition to my duties as Secretary-Treasurer, I am responsible for collective bargaining at American Motors Corporation and several aerospace employers (including McDonnell Douglas and Rockwell International) and a number of automotive parts suppliers. The UAW represents approximately 1,300,000 workers and their families. I welcome the opportunity to support H.R. 6482 as sponsored by Representatives Pease, Gibbons and others.

The UAW has always been a strong supporter of the concept of trade adjustment assistance (TAA) but a harsh critic of the actual program. The program to date has not worked well. The present law simply cannot fulfill its stated purpose of helping workers displaced by increased imports adjust to new careers.

The future of the program is now squarely before Congress. Do we terminate the program—as requested by the Reagan Administration; or do we rewrite the law, to force the Department of Labor to finally make all program benefits, especially training, available to the victims of national trade policies?

THE ADMINISTRATION PROPOSAL TO TERMINATE TAA DESTROYS A 20-YEAR COVENANT WITH U.S. WORKERS

The UAW vigorously opposes the Administration attempt to destroy this 20-year old covenant with U.S. workers. The special covenant of adjustment assistance for displaced workers dates back to the Trade Expansion Act of 1962. Labor was then assured that its concern for the victims of trade liberalization policies would be taken care of by an ongoing, effective adustment assistance program. The Trade Act of 1974 eased the criteria for obtaining program benefits. Until this Administration, every bill seriously considered by Congress was designed to expand or improve the program. However, in 1981, the program budget was slashed 76 percent with substantial cutbacks in the weekly income maintenance benefit known as the trade readjustment allowances (TRA). TRA for most participants has been reduced to a 13-week extended benefit program.

This year, the Administration proposes terminating TRA July 1 and transferring the training, job search and relocation programs to a larger, centralized function with limited funding, within the Department of Labor. The reality of the Administration proposal is that it would virtually end adjustment assistance. Supporters of this proposal attempt to speak of the inequity of treating one group of unemployed workers different from the larger army of the unemployed. Such concerns for fair treatment might ring more true if there was an adequate federal program available to help the growing masses of the unemployed—such as exists in every other industrialized country. But the fact is that this country has no real federal unemployment insurance program, no national planning, no national manpower or employment policy, no national health insurance, no national training, no plant closing nor relocation program. Instead, as shown by the Report of the National Commission on Unemployment Compensation (July 1980), we have a "balkanized" system of state unemployment programs providing unemployed workers an average of 50 percent of their former earnings for a meager 26 weeks. It is therefore clear that those asking for equal treatment of the unemployed, in fact, only support equally inadequate treatment.

The rationale for special programs to redress import-impacted unemployment is as valid today as it was in 1962. For over 20 years this government has recognized that reductions in trade barriers benefit both consumers and our foreign relations while damaging a definable sector of domestic workers and firms. Some observers also view adjustment assistance as a better alternative than "escape clause" relief—given the absence of international trade repercussions and TAA's ability to target relief to the workers or firms in actual trouble. Five prior presidents, and successive Congresses have promised that the promotion of so-called "fair trade" programs would only occur within a system of special adjustment assistance for its displaced victims. We trust this Congress will not renege on this special covenant.

In March 1981, the Office of the U.S. Trade Representative testified before this Subcommittee that TAA was a "necessary adjunct" and an "integral part of U.S. trade policy." What has changed in the last year to warrant the Administration's about-face on these "necessary" and "integral" programs? Why was TAA essential in 1981—but unnecessary today?

Imports or unemployment have not been drastically reduced—indeed they have both increased in the last year. Is the Administration about to announce a national planning or manpower program guaranteeing every unemployed worker a job? Has the Administration decided to protect American jobs by returning to the trade restrictions in place prior to 1962? Unfortunately, we have heard nothing from the Administration in recent months which offers any solution to the problems of unemployment caused by increased imports.

The Kennedy and Tokyo Rounds of multi-lateral trade negotiations have made the U.S. market more open to imports than any other industrialized country. The total value of manufactured imports has risen from $77 billion in 1976 to $140 billion in 1981, the highest figure ever.

The trade liberalization aspect to the program has obviously been fully implemented. Yet the objectives of the TAA program have never been achieved. However, it should be clear that you can ignore or give lip-service to the victims of these trade policies only for so long before they begin to ask who is responsible for government policies which promote exportation of U.S. jobs. We are fast approaching that day.

The United States is in the deepening troughs of a prolonged recession. Unlike most recessions, the total value of manufactured imports continues to rise while total U.S. employment declines. As President Reagan acknowledged in February, the economies of the states in the Midwest and Northeast are in a first-class depression.

Unemployment has reached new records. In May 1982, the U.S. Department of Labor reported unemployment at 9.5 percent of the workforce with more than 10.5 million Americans out of work, a new post-World War II high. We estimate that another 1,300,000 available workers have stopped looking for employment. Total actual unemployment is therefore almost 12 million. In Michigan, Illinois, Indiana and Ohio some 800,000 workers have exhausted all unemployment benefits since January 1980.

Employment in the U.S. auto industry has been especially hard hit for the last 3 years. The U.S. auto industry is operating at 54 percent of its capacity. About 260,000 workers are currently laid off from the automobile manufacturing companies. Approximately 30 auto plants have closed since 1980 (see Table I, attached). Employment is down 30 percent from 1978 levels. New car sales are down 53 percent from first quarter sales in 1979. First quarter production this year in the U.S. was a scant 1.1 million cars.

Automotive imports, primarily from Japan, have continued at extremely high levels in recent years. (See Table II, attached.) Overseas imports captured 27.3 percent of all new car sales in 1981. In December 1981 and January 1982, overseas imports increased to 31 percent of the total market—an all time high.

The rise in imports has not been confined to finished vehicles. In the last decade, the value of auto parts imported into the U.S. from countries other than Canada has grown at an annual rate of 24 percent. The Department of Commerce estimated in December that 2.5 million engines and 1.7 million transmissions will be imported during each of the next several years. There is considerable evidence that without government action, this will only be the tip of the iceberg. According to a recent survey of automotive industry experts conducted by the accounting firm Arthur Andersen, the imported content of domestically assembled vehicles (now less than 5 percent) could jump to 30 percent by 1985 and to 39 percent by 1990. (Table III is a partical list of major outsourcing commitments announced by domestic vehicle companies.)

The proposal to eliminate TAA comes at precisely the time of its greatest need. More workers are unemployed today because of increased imports than at any time in our history. The Reagan proposal to eliminate TAA shows flagrant disregard for the innocent victims of trade policies and repudiates a 20-year covenant with labor. We expect Congress to reject it overwhelmingly. By contrast, H.R. 6482 represents a long-awaited attempt to finally make the TAA program work. The UAW vigorously supports its passage.

TRAINING MUST BE PART OF THE ENTITLEMENT PACKAGE

The training, job search and job relocation aspects of the current TAA program have been allowed to wither on the vine. Prior to this year, the Secretary's annual requests for training ranged between $5.6 to $17 million. In fiscal 1981, the budget for training was zero. The amounts sought for job search and relocation were almost negligible. The Secretary's meager budget requests underscore a historical decision to downplay training as part of the TAA program. This deliberate sabotage of the training programs has been most efffective. From 1975 through March 1981, only 3 percent of certified workers enrolled in training and only 1.2 percent ever completed their program. From March 1980 until March 1982—a span of 2 years with record TAA applicants—the training program was out of funds.

The Administration now uses this same data and its own mismanagement to justify terminating training entirely. But the low usage rates are not due to lack of worker interest as the Administration implies. In 1980, out of 176,000 TAA recipients who applied for employment services, about 40 percent (71,644) applied for training. About 13 percent of the applicants (9,671) workers actually received some training. A January 1980 survey of certified workers conducted by the Michigan Employment Security Commission (MESC) showed that 78 percent were interested in training and 38 percent were willing to relocate to take jobs. The MESC 1980 budget request for $5.4 million to open two training offices in Detroit was rejected by the Secretary as being too ambitious. Only one training center was actually opened, only to be closed several months later when the program ran out of funds.

Unless training is made part of the individual worker's entitlement, we can only expect more inaction from the U.S. Department of Labor. The Secretary's implementation of the 1981 Omnibus Budget Reconciliation Act for fiscal 1982 also demonstrates the need for H.R. 6482. You will recall the Administration's rhetoric about changing TAA from income maintenance to training with a promised allocation of $112 million. However, only $25 million was actually appropriated and even then that money wasn't allocated to the states until late March 1982—seven months into the fiscal year. That $25 million appropriation has already been used up in most states. Michigan requested a supplemental $5 million within a month of its original allocation. In most states, no more training applications are being processed. We stress again the training program was flat broke for 2 years and is almost broke today.

In addition, the 1981 "reform" bill contained one single improvement. The Omnibus Bill amended Section 236(a)(1) to provide that where the individual training program is approved, the Secretary must pay the costs. As of October 1, 1981, approximately 15,000 workers were self-financing approved training programs with the expection that they qualified for the 26-week extension of TRA. Workers had to self-finance because no training funds were appropriated in 1981. These workers were using the 26-week TRA extension to finance their training. But the Department of

Labor used this one sentence improvement in the 1981 amendment to issue clearly illegal and improper guidelines which have: (1) discontinued worker rights to self-finance; and (2) conditioned the approval of training on the availability of allocated funds.

When the amendment cut off TRA for these 15,000 workers who had self-financed, the UAW demanded that the Secretary reimburse them—which was what we believe Congress intended. The Secretary refused, saying that while the cutbacks in TRA were to have an immediate effect, the improvements in training were to be applied only prospectively.

The net effect of these actions by the Secretary is that more than 95 percent of the 15,000 workers in training on October 1, 1981 were forced to drop out of the program. In sum, we believe the record is clear that the Secretary has failed to properly administer the TAA training program.

The Administration has previously opposed making training part of the entitlement because of its general opposition to the expansion of such programs. But this response doesn't really address the issue. Why would anyone oppose training for a worker indefinitely laid off due to imports? Training is no dole—it is work. We should encourage and support any person with the ambition and desire to learn a new skill.

Despite this period of record unemployment, there are an estimated one million job openings going unfilled because of a lack of qualified and skilled applicants. In several press conferences, the President has held up the classified sections of local papers containing hundreds of job listings. He has stated that training workers to qualify for these jobs is a top priority of his Administration. H.R. 6482 is an opportunity for the President to honor his own commitment.

H.R. 6482 requires that training costs be paid only where: (1) the individual is laid off from a workplace covered by a certification; (2) no suitable employment is otherwise available; (3) a suitable training program is available; (4) the worker would benefit from the training program; (5) there is a reasonable expectation of future employment after training; and (6) the individual is qualified to undertake such training.

Under the present law, the Secretary "may" approve such training. Where the worker satisfies all the above criteria, H.R. 6482 requires only that the Secretary "shall" approve the training.

With this change, the Secretary will be required to give something more than rhetoric to the training program. He will have to promote and approve training applications. He will have to request sufficient appropriations to implement the program. Repeats of this fiscal year's $112 million training promise and subsequent reneging and the fiscal 1981 zero funding will not be possible.

The relative priority of training can no longer be left to the discretion of the Secretary. His record speaks for itself. How can he claim to support TAA training and at the same time not request sufficient funds to make it viable? Indeed, Undersecretary Al Angrisani, in charge of the Employment and Training Administration to which the TAA program was moved last year, has been publicly quoted saying that government (except for the armed forces) should not sponsor training programs. Unless H.R. 6482 is passed, worker retraining under TAA, will continue to be an idea which everyone supports but somehow never gets accomplished.

A SUBSISTENCE ALLOWANCE MUST BE PROVIDED

We are pleased to see that H.R. 6482 also provides for a minimum subsistence allowance of $15 a day for workers in training who have no other unemployment income. The $15 may only be enough to pay for transportation and lunch—but at least it is enough to get the trainee through the day. It is not reasonable to expect that unemployed workers, cut off from all other income sources, can get through training without some out-of-pocket expenses.

THE ADJUSTMENT ASSISTANCE TRUST FUND SHOULD BE RESTORED

H.R. 6482 restores the adjustment assistance trust fund as set forth in the original Trade Act of 1974 at Section 245. Even though the fund was never established, the concept of the trust fund provides an important link between TAA program costs and amounts collected from customs duties. For example, customs duties and 1981 were around $8 billion. Total customs duties obviously correspond directly to changes in imports. Linking the costs of aiding victims of trade policies to customs duties through this trust fund mechanism, is an important factor for assessing TAA appropriation requests. The cost of H.R. 6482, for example, represents about 6 percent of the total customs duties collected on imports in 1981. We support the restoration of the trust fund.

H.R. 6482 COSTS SHOULD BE LESS THAN $500 MILLION

We would like to comment on the Congressional Budget Office (CBO) estimate on the fiscal year 1983 costs of H.R. 6482 put as $627.5 million and covering 208,400 workers. In our view, the top figure should be less than $500 million.

We believe that there is some overlap in the CBO estimate. For example, CBO estimates $37.5 million (25,000 workers) for that group which self-financed training. Another $30 million is allocated to training for some 17,000 who did not complete their program. The big ticket item is $410 million for 117,000 workers who were covered by certification in 1980 and 1981. As we read H.R. 6482, the intent is not to let workers double-dip. Thus, the 25,000 workers who are reimbursed for self-financed training should not be able to apply again.

We estimate that with indefinite layoffs in the auto industry at around 260,000—not more than 100,000 or 40 percent would enroll in training today. This coincides with program experience in 1980 when 40 percent of those who sought employment service actually applied for training.

The layoffs in the auto industry were heavy in 1980 and 1981. Thousands of auto workers have been laid off for many, many months and have already made their adjustment for better or worse. It may be too late to expect that, if training was available now, that most of these permanently laid off workers would be in a position to use it. In our opinion, 100,000 trainees is a high side figure.

Thus, we would reduce the 117,000 CBO estimate to 100,000 reduced again by the 25,000 (who have previously self-financed) resulting in a revised estimate of 75,000 workers who would take training as a retrospective entitlement. This 75,000 figure yields a total cost of $265 million rather than $410 million (117,000 workers). This revision represents a $145 million reduction and for fiscal year 1983, would mean a total cost of $482 million rather than $627.5 million as projected by the CBO.

UAW PROPOSALS FOR ADDITIONAL REFORM

There are several major flaws in the existing program which are not addressed by H.R. 6482 and which we believe are essential:

A. The low approval rate must be remedied.—The low petition approval rate is a fundamental problem which must be corrected. What good is it to finally pass a realistic TAA program if very few workers ever get certified? The approval rate has dropped from 50 percent in 1975 to 8 percent in 1981 to a current 1982 rate of 14 percent. As a practical matter we have regressed to the depressing years of a paper TAA program under the Trade Expansion Act of 1962.

In response to written questions from this Subcommittee last year, the Secretary was asked to specify the assumptions on which the 1982 Reagan Budget was based. His written response said "The current level of new certifications will continue with no new large numbers of workers certified. (100,000 per year)" In fact, however, a grand total of 217 petitions were approved in 1981 covering 24,000 eligible workers. By comparison, 900 petitions were granted in 1980 covering 560,000 workers.

That doesn't mean all 24,000 are receiving TRA. A large percentage may not actually be laid off or if laid off may not satisfy the Secretary's improper and illegal position on the 26-week test. This test requires that a laid off worker must have worked at least 26 weeks at wages of at least $30 a week. But the Secretary refuses to count non-regular weeks of wages, such as sick pay, vacation pay, grievance settlements, etc. Based on our experience, less than 15,000 of the 24,000 eligible should actually draw TRA. That's about 15 percent of the Secretary's own estimate of 100,000. The low approval rate has therefore reduced the present program to 15,000 workers drawing 13 weeks of state unemployment benefits.

This low approval rate has never been satisfactorily explained. We acknowledge the fact that petitions filed by supplier and component workers, due to an uncorrected loophole in the law, are usually denied—but these groups were also filing petitions in 1975 and 1976 when the approval rates were much higher. The evidence suggests that there may be some informal and undisclosed restrictions on the certification process. We can think of no other explanation. Imports and unemployment are at record highs—yet the petition approval rate is at a record low.

It seems that the Secretary has taken steps to implement the Reagan termination proposal, a year in advance of its actual introduction. A program providing benefits to 15,000 workers when imports are high and 12 million are unemployed is worse than no program. To hold out a promise of assistance when we all know the actual chances of benefit delivery are almost nil, is doubly cruel.

Given the approvals from 1962 to 1969, with only slight improvement thereafter, one of the major reforms of the Trade Act of 1974 was to remove the certification process from a hostile Tariff Commission to the fairer and more sympathetic Department of Labor. Unfortunately, that is all workers are getting from this Secretary when they now petition for TRA—paperwork and sympathy.

We all know that the application of Section 222, "contributed importantly" test is loaded with discretion. In our complex economy, many factors contribute to unemployment—interest rates, war, oil embargoes, technological change, crop failures and so on. Determining how and when increased imports contribute to unemployment is perhaps more of an art than science. The Secretary should have sufficient discretion so as to deal with the hard cases.

But something must be done to let the Secretary know that it's time for him to take his thumb off the scales. A "sense of Congress" proviso should be added to Section 222 stating: "Congress anticipates that a substantial portion of the petitions filed during periods of relatively high imports and unemployment will be certified."

At an absolute minimum, Congress must express its concern over the low approval rate by demanding a detailed explanation from the Secretary. Congress cannot stand by idly while the Secretary terminates the program administratively.

B. TAA coverage must be extended to parts and suppliers.—Now that TAA is essentially a training and job relocation program, we should be expanding the pool of potential trainees rather than restricting it. How long can Congress deny extending program benefits to workers who supply essential parts and services to end-product firms affected by imports? This arbitrary exclusion has eligibility turn on corporate structure rather than what the worker actually makes. Thus a General Motors worker making spark plugs gets benefits while a Champion worker making spark plugs for use in the same GM automobile does not. Parts and supplier workers are victims of trade policies to the same extent as end-product workers. Now that TAA is essentially a training program rather than income maintenance, there should be no serious opposition to incuding independent parts suppliers in the employment services parts of the TAA program.

C. The 1-year benefit period for TRA must be extended to 18 months.—The Omnibus Budget Reconciliation Act of 1981 cut the benefit period for drawing TRA from two years to one. It was this charge which eliminated most of the 200,000 covered workers drawing TRA in October 1981 even though they had not exhausted their 52 week entitlement to state unemployment compensation and TRA.

A 1-year benefit period to draw 52 weeks of state unemployment and TRA is just too short. The benefit period is triggered by the receipt of state unemployment. Thus, where a worker has several months of periodic unemployment, the benefit period starts and may expire before a permanently unemployed worker draws his or her full weeks of TRA. We propose extending the benefit period to 18 months.

D. Where multinational corporations relocate in foreign countries, certification must be mandatory.—Section 283 of the Act makes it the "sense of Congress" that firms relocating in foreign countries should give workers 60 days advance notice of such a move and offer relocation to other domestic facilities to the affected workers. It is bad enough that our laws encourage multinational corporations to export vast amounts of capital for overseas expansion, but when an American worker's job is exported, you would think that Congress would do much more than "sense" the need for relief. Indeed, the Secretary has held that plant relocations to foreign countries do not qualify for TAA unless the increase imports actually precede the plant closing. Workers making bicycle parts at a Bendix plant in Elmira, New York were denied a certification when the company moved the plant to Mexico and imported the bicycle parts back into the United States. The Secretary ruled that the imports had not "contributed importantly" because the imports occurred after the closing. These provisions and the availability of TAA must be mandatory.

In addition, to work effectively, the advance notice provisions must extend not only to plant closings, where the work is going to foreign countries, but to all situations where there are significant reductions in employment. Since adjustment assistance benefits coming from the federal treasury operate as a subsidy to a foreign plant relocation, the Department of Labor should also exercise oversight and licensing responsibilities to determine when these moves are not in the public interest.

CONCLUSION

The present TAA program is not working. It promises assistance, but delivers only negative decisions or inadequate benefits. At a time of record imports and unemployment, Congress must improve the TAA program by passing the H.R. 6482. The Administration proposal to terminate TAA represents a fundamental repudiation of a 20-year covenant with labor made in exchange for support of trade liberalization programs. The victims of federal trade policies must have a meaningful TAA program or they will demand that our trade policies be reexamined.

TABLE I.—AUTOMOTIVE PLANTS CLOSED, 1980–81 AND ANNOUNCED CLOSINGS, 1982

Plants	Jobs lost
Chrysler:	
Hamtramck, Mich	5,600
Lynch Road, Detroit	5,000
Missouri Truck, St. Louis, Mo	4,100
Warren, Mich., recreational Vehicles	2,000
Mack Avenue Stamping, Detroit	4,100
Eight Mile-Outer Drive Stamping, Detroit	2,400
Windsor Engine, Ontario	2,400
Detroit Universal, Detroit	1,100
Lyons Trim, Mich	700
Scio Electronics, Mich	600
Cape Canaveral Electronics, Fla	500
Michigan City Plastics, Ind	300
Huber Avenue, Detroit	2,400
Fostoria Iron, Ohio	650
Ford:	
Mahwah, N.J	4,800
Los Angeles, Calif	2,300
Northville Valve, Mich	200
Flat Rock, Mich	5,000
Windsor, Ontario	1,600
Aluminum Casting, Sheffield, Ala	1,100
Cleveland Auto Parts Depot, Ohio	65
Richmond Tractor Parts Depot, Va	19
Boston Auto Parts Depot, Mass	40
Highland Park Parts Depot, Mich	[1] NA
Chesterfield No. 1 (Trim), Mich	[1] NA
GM (announced closings since Jan. 28, 1982):	
Milwaukee Avenue Die, Detroit	255
Coit Road Stamping, Cleveland	2,770
Automotive Trim, Euclid, Ohio	1,115
Fremont, Calif	2,500
Southgate, Calif	2,550
Auto-related plants: Several hundred auto dependent plants have closed since 1978	

[1] NA = Not available.

TABLE II.—NEW VEHICLE SALES IN THE UNITED STATES

	1981		1980		1978		Change in sales (percent)	
	Sales	Share (percent)	Sales	Share (percent)	Sales	Share (percent)	1981/80	1981/78
CARS								
GM	3,796,696	44.5	4,116,482	45.9	5,341,700	47.9	−7.8	−28.9
Ford	1,380,600	16.2	1,475,231	16.4	2,536,738	22.7	−6.4	−45.6
Chrysler	729,873	8.6	660,017	7.4	1,087,987	9.7	+10.9	−32.9
AMC	136,682	1.6	149,438	1.7	170,739	1.5	−8.6	−19.9
VWA	162,005	1.9	177,084	2.0	22,651	.3	−8.3	
Domestic	6,206,296	72.7	6,578,252	73.3	9,159,815	82.1	−5.7	−32.2
Toyota	576,491	6.8	582,204	6.5	441,800	4.0	−1.0	+30.5
Datsun	464,805	5.4	516,884	5.8	338,096	3.0	−10.1	+37.5
Honda	370,705	4.3	375,388	4.2	274,876	2.5	−1.3	+34.9
Mazda	166,105	2.0	161,440	1.8	75,326	.7	+2.9	+120.5
Subaru	152,062	1.8	142,969	1.6	103,274	.9	+6.4	+47.2

TABLE II.—NEW VEHICLE SALES IN THE UNITED STATES—Continued

	1981		1980		1978		Change in sales (percent)	
	Sales	Share (percent)	Sales	Share (percent)	Sales	Share (percent)	1981/80	1981/78
Mitsubishi	110,940	1.3	129,350	1.4	103,292	.9	−14.2	+7.5
Isuzu	17,513	.2	0		19,222	.2		−8.8
Japanese	1,858,622	21.8	1,908,235	21.2	1,355,886	12.1	−2.6	+37.1
European	468,484	5.3	490,048	5.5	644,029	5.8	−4.4	−27.3
Imported	2,327,106	27.3	2,398,283	26.7	1,999,915	17.9	−3.0	+16.4
Total cars	8,533,402	100.0	8,976,535	100.0	11,159,730	100.0	−4.9	−23.5
TRUCKS								
Domestic	1,809,855	80.2	2,002,532	80.5	3,872,367	91.7	−9.6	−53.3
Imported	447,568	19.8	484,614	19.5	337,169	8.3	−7.6	+32.7
Total trucks	2,257,423	100.0	2,487,146	100.0	4,209,536	100.0	−9.2	−46.3
VEHICLES								
Domestic	8,016,151	74.3	8,580,784	74.9	13,032,182	84.8	−6.6	−38.5
Import	2,774,674	25.7	2,882,897	25.1	2,337,084	15.2	−3.7	+18.7
Total	10,790,825	100.0	11,463,681	100.0	15,369,266	100.0	−5.9	−29.8

TABLE III.—FOREIGN SOURCING

[Partial list of known 1977–81 commitments by major U.S. automobile manufacturers to purchase foreign-made major components for use in domestic nameplate vehicle]

Manufacturer/component	Intended for—	Source	Approximate components	Delivery beginning
GM				
2.8 liter, 6 cyl	Cars	GM de Mexico	400,000/year	1982.
2.0 liter, 4 cyl with transmission.	Mini trucks	Isuzu (Japan)	100,000/year	1981.
1.8 liter diesel, 4 cyl	Chevette	Isuzu	Small numbers	1981.
1.3 diesel, 4 cyl	S-Cars	Isuzu	NA [1]	1983.
1.8 liter, 4 cyl	J-Cars	GM de Brazil	250,000/year	1979
THM 180 automatic transmission.	Chevette	GM Strasburg (France)	250,000/year	1979
Manual transmission	J-Cars	Isuzu	250,000	1981.
FORD				
2.2 liter, 4 cyl	Cars	Ford-Mexico	400,000/year	1983.
Diesel	Cars	Toyo Kogyo (Japan)	150,000/year	1983.
2.0 liter, 4 cyl	Mini trucks	Toyo Kogyo	100,000	1982.
2.3 liter, 4 cyl	Cars	Ford de Brazil	50,000/year	1979.
Diesel, 6 cyl	Cars	BMW/Steyr (West Germany, Austria).	190,000/year	1983.
Diesel, 4 cyl	Cars		NA	1985.
Manual transaxles	Front drive cars	Toyo Kogyo	100,000/year	1980.
Aluminum cylinder heads.	1.6 liter, 4 cyl	Europe, Mexico	100,000/year	1980.
Accessory motors	Cars, trucks	Ford-Singapore	NA	1984.
Electronic engine control devices.	Cars	Tashiba	100,000/year	1978.
Ball joints	Cars	Musashi Seimibu	1,000,000/year	1980.
Transmissions	Ranger truck	Ford-France	NA	Imminent.
Trim	Ranger truck	Mexico	NA	NA.
Trim	Econo van	Mexico	NA	NA.
Trim	Topaz (Fairmont, Zephyr)	Mexico	(Prospective)	

TABLE III.—FOREIGN SOURCING—Continued

[Partial list of known 1977–81 commitments by major U.S. automobile manufacturers to purchase foreign-made major components for use in domestic nameplate vehicle]

Manufacturer/component	Intended for—	Source	Approximate components	Delivery beginning
Windshield glass	Light trucks	Mexico	NA	NA.
CHRYSLER				
6 and 8 cyl engines	Cars	Chrysler de Mexico	100,000/year	1982.
2.2 liter, 4 cyl	K-body	Chrysler de Mexico	270,000/year	1981.
2.6 liter, 4 cyl	K-body	Mitsubishi (Japan)	1,000,000	1981.
1.7 liter, 4 cyl	Omni/Horizon	Volkswagen (West Germany).	1,200,000	1978.
Manual transmissions	Omni/Horizon	Volkswagen	500,000	1978.
1.6 liter, 4 cyl	L-body	Talbot (Peugeot)	400,000 total	1982.
2.0 liter diesel and 6 cyl.	K-body	Peugeot (France)	100,000/year	1982.
1.4 liter, 4 cyl	A-body (Omni replacement)	Mitsubishi	300,000/year	1984.
4 cyl engines	Cars	Peugeot	NA	1985.
Aluminum cyclinder heads.	2.2 liter, 4 cyl	Fiat (Italy)	NA	1984.
AMC				
Car components and power train.	AMC-Renault	Renault in France and Mexico.	300,000/year	1982.
VWA				
Radiators, stampings	Rabbit	VW de Mexico	250,000/year	1979.
4 cyl diesel and gas engines.	Cars	VW de Mexico	300,000/year	1982.

NA—Figure not available.

Sources: Automotive News, Ward's Engine Update, Ward's Automotive Reports, American Metal Market, Detroit Free Press, Detroit News, Japan Economic Journal, and Journal of Commerce.

STATEMENT OF JOHN M. POWDERLY, LEGISLATIVE REPRESENTATIVE, UNITED STEELWORKERS OF AMERICA

Mr. POWDERLY. I am John Powderly, legislative representative with the United Steelworkers of America.

I, too, would like to summarize my remarks and have the full presentation submitted into the record.

Mr. Chairman, the United Steelworkers of America supports H.R. 6482, and opposes the administration bill, H.R. 6509.

The creation of a trust fund from which payments for benefits to workers who become adversely affected by imports makes eminent good sense.

For a variety of reasons, including global strategic reasons, our markets remain the most open to foreign suppliers of any in the world. The result of this open-door policy means that American workers, despite their ability to compete in a fair trade environment, are vulnerable to foreign source competitors who do not play by the rules.

At its recent meeting, the chairman of the American Iron and Steel Institute observed that:

> The U.S. market can be lost to the domestic steel industry if there is no effective control of unfair foreign competition. As things stand now, we are engaged in an unequal struggle pitting private enterprise companies against European producers which are either the alter ego of a foreign government or which enjoy substantial government support.

At a time when domestic mill shipments are at a 20-year low, and when a third of our industry's work force is unemployed, it is intolerable to see more than 1 out of every 5 tons of steel moving into this market in the first third of this year was of foreign origin.

If we are going to persist in allowing our competitors to subsidize their own production and dump their goods into our markets—in themselves, travesties of our world trade agreements—then at a minimum, we should require that these foreign suppliers pay for the injury to American workers in the forms of readjustment envisioned by this bill.

Even more repugnant than the invasion of goods from foreign sources are the examples of multinational American corporations which close up shops in this country, transport the machinery and technology to a foreign country and then import back into our domestic market virtually the entire output. One of the ancillary benefits of the TRA program is that it has provided documentation of this process through the certification process.

I was moved when you talked about the things that could happen to our big urban areas and to a small community. We had a community up in Pownal, Vt., that produced the entire electric lead cores for the biggest distributor, Sears & Roebuck, and a conglomerate bought up this company, took the machinery down into Mexico, and sent people down to show them how to operate the machinery, and brought a 100 percent of that product back into this country, leaving that little community up there in Vermont in a deplorable state.

I was moved by what you said a few minutes ago, Mr. Chairman. We also believe that workers should be entitled to training as part of the readjustment process.

Obviously, in cases of permanent plant shutdowns, workers are faced with the necessity of making a personal inventory of their skills and the availability of employment commensurate with those skills.

Some laid off workers have considerable employment skills, but find that they simply lack the skill to find other employment. We believe that the Employment Service should provide these workers with employment counseling, vocational testing, job search services, and relocation activities.

For workers with relatively low employment skills or with skills which may need upgrading for employability, we recommend, in addition to counseling, testing, and supportive services, that workers be permitted to choose a training program suitable to their aspirations and potentials.

However, some firms certified for TRA benefits are only partially shut down and many of these workers face only temporary unemployment while maintaining collectively bargained contract rights to being recalled to employment. These workers may opt to ride out the unemployment episode without accepting training, and they should be permitted to do so.

However, whether the situation is a permanent shutdown or only a partial layoff, there remains several serious impediments to workers considering training as a readjustment option.

Section 223 of the Trade Act mandates that a determination of group eligibility be made within 60 days of the petition.

Section 233 of the act, as amended last year, requires workers to apply for training within 210 days after becoming eligible for readjustment assistance.

The rationale behind these time limitations is reasonable: 2 months after layoff, a worker is notified of his eligibility for a variety of readjustment options and has a 5-month timeframe to select the ones best suited to his needs.

However, while certifications for workers within my union's jurisdiction were determined within a 3-month period in 1980, it took the Labor Department an average of 10 months to certify in 1981, and this has increased to 14 months in 1982. I have put the 3-year certification petitions and the amounts of time from the date the petition was filed to the date of the decision, and it has moved from a 3-month period to a 10-month period, and now a 14-month period.

Chairman **Gibbons**. I thought the Labor Department testified it was taking less time.

Mr. **Powderly**. Several minutes ago, Mr. Lovell testified it is taking 8 months.

I am saying, Mr. Chairman——

Chairman **Gibbons**. I thought he was saying he was gaining ground on the backlog?

Mr. **Majerus**. He did say that.

Mr. **Pease**. You are not suggesting Mr. Lovell may have been wrong, are you?

Mr. **Powderly**. All I am saying is that from the ones I monitored, those figures are accurate, and I have appended them to the end, so they may be part of the record.

That is the point I am getting to—picture in your mind workers waiting 10 to 14 months just to receive notice that they are eligible for the benefits they are entitled to under the TRA program. Until the certification is issued, they have no legal claim to any of the readjustment benefits beyond their weekly unemployment compensation. This bill would make workers whole for any approved training which workers participated in and personally financed after July 1, 1979, and also for job search and relocation allowances for which they would have been eligible were it not for the law's delay.

But this committee must also find a way to return to the 60-day limitation for determining group eligibility.

Mr. Chairman, the Omnibus Reconciliation Act, which amended the trade adjustment benefit program, changed the group eligibility test from one that imports must "contribute importantly" to the decline of domestic production and the consequent unemployment, to one that declares that imports must be a "substantial cause" of the domestic decline. This new test would require the Labor Department to find that the impact of imports on domestic unemployment was no less than any other cause. The "contribute importantly" clause is, in itself, a difficult clause.

Beginning in August 1980, our union filed petitions for unemployed steelworkers at 86 steel properties. In that month, the number of industry employees engaged in the production and marketing of steel fell for the 14th consecutive month to 263,620 hourly employees compared to 350,000 in August 1979.

The American Iron & Steel Institute reported that the August 1980 figure was the lowest since it began tracking employment in

June 1933. In that same month, the industry's capability utilization rate sank to 54.8 percent while imports as a percentage of apparent supply had risen to 20.6 percent. But of the 86 petitions filed for TRA during this time period, the Department of Labor found only seven instances where imports were "contributing importantly" to the unemployment. It is by no means an easy test.

The Congress, however, decided to tighten the eligibility criteria further on the assumption that the previous test was too liberal. Application of the test belies that assumption. Nevertheless, injured workers, unemployed because of imports, will be subjected to an even more restrictive test. It is a test with which we have had previous experience. It was in the 1962 law, and it was a provision which made a mockery out of the adjustment assistance provision of that legislation.

Thank you Chairman Gibbons for allowing this bill to come to a speedy hearing, and I thank you and I thank Mr. Pease for introducing it, and the Members who are co-sponsors, and we support passage of it.

Thank you very much, sir.

[The prepared statement follows:]

STATEMENT OF THE UNITED STEELWORKERS OF AMERICA

The United Steelworkers of America supports H.R. 6482, and urges its adoption by the Subcommittee. This bill would entitle workers to training under the trade act of 1974; restore the group eligibility requirement to the one which permits workers to be eligible for benefits where imports are "contributing importantly" to their unemployment; increases the amounts of expenses workers would be entitled to receive in their search for new employment and for relocation expenses to move to their new employment community; and redefines "suitable employment" to mean work of substantially equal or higher skill levels than their past employument and wages not less than 80 percent of their average weekly wage.

This bill would also provide training, reimbursement and job search and relocation allowances to workers who participated in these activities after July 1, 1979.

The bill would further establish a trust fund out of amounts attributable to the collection of custom duties.

THE TRUST FUND

The creation of a trust fund from which payments for benefits to workers who become adversely affected by imports makes eminent good sense.

For a variety of reasons, including global strategic reasons, our markets remain the most open to foreign suppliers of any in the world. The result of this open door policy means that American workers, despite their ability to compete in a fair trade environment, are vulnerable to foreign source competitors who do not play the rules.

At its recent meeting, the Chairman of the American Iron and Steel Institute observed that "The U.S. market can be lost to the domestic steel industry if there is no effective control of unfair foreign competition. As things stand now, we are engaged in an unequal struggle pitting private enterprise companies against European producers which are either the alter ego of a foreign government or which enjoy substantial government support."

At a time when domestic mill shipments are at a 20-year low, and when a third of our industry's workforce is unemployed, it is intolerable to see more than one out of every five tons of steel moving into this market in the first third of this year was of foreign origin.

If we are going to persist in allowing our competitors to subsidize their own production and dump their goods into our markets—in themselves, travesties of our world trade agreements—then at a minimum, we should require that these foreign suppliers pay for the injury to American workers in the forms of readjustment envisioned by this bill.

Even more repugnant than the invasion of goods from foreign sources are the examples of multinational American corporations which close up shops in this country, transport the machinery and technology to a foreign country and then import back into our domestic market virtually the entire output. One of the ancillary benefits of the TRA program is that it has provided documentation of this process through the certification process.

TRAINING AS AN ENTITLEMENT

Mr. Chairman, we believe workers should be entitled to training as part of the readjustment process.

Obviously, in cases of permanent plant shutdowns, workers are faced with the necessity of making a personal inventory of their skills and the availability of employment commensurate with those skills.

Some laid off workers have considerable employment skills, but find that they simply lack the skill to find other employment. We believe that the Employment Service should provide these workers with employment counseling, vocational testing, job search services and relocation activities.

For workers with relatively low employment skills or with skills which may need upgrading for employability, we recommend, in addition to counseling, testing, and supportive services, that workers be permitted to choose a training program suitable to their aspirations and potentials.

However, some firms certified for TRA benefits are only partially shutdown and many of these workers face only temporary unemployment while maintaining collectively bargained contract rights to being recalled to employment. These workers may opt to ride out the unemployment episode without accepting training and they should be permitted to do so.

However, whether the situation is a permanent shutdown or only a partial layoff, there remains several serious impediments to workers considering training as a readjustment option.

Section 223 of the Trade Act mandates that a determination of group eligibility be made within 60 days of the petition.

Section 223 of the Act, as amended last year, requires workers to apply for training within 210 days after becoming eligible for readjustment assistance.

The rationale behind these time limitations is reasonable: two months after layoff worker is notified of his eligibility for a variety of readjustment options and has a five month time frame to select the ones best suited to his needs.

However, while certifications for workers within my union's jurisdiction were determined within a three-month period in 1980, it took the Labor Department an average of 10 months to certify in 1981 and this has increased to 14 months in 1982.

Mr. Chairman, picture in your mind workers waiting 10 to 14 months just to receive notice that they are eligible for the benefits they are entitled to under the TRA program. Until the certification is issued, they have no legal claim to any of the readjustment benefits beyond their weekly unemployment compensation. This bill would make workers whole for any approved training which workers participated in and personally financed after July 1, 1979, and also for job search and relocation allowances for which they would have been eligible were it not for the law's delay.

But this Committee must also find a way to return to the 60-day limitation for determining group eligibility.

RETURNING THE GROUP ELIGIBILITY TEST TO CONTRIBUTE IMPORTANTLY

Mr. Chairman, the Omnibus Reconciliation Act which amended the trade adjustment benefit program changed the group eligibility test from one that imports must "contribute importantly" to the decline of domestic production and the consequent unemployment, to one that declares that imports must be a "substantial cause" of the domestic decline. This new test would require the Labor Department to find that the impact of imports on domestic unemployment was no less than any other cause.

Beginning in August 1980, our union filed petitions for unemployed Steelworkers at 86 steel properties. In that month, the number of industry employees engaged in the production and marketing of steel fell for the fourteenth consecutive month to 263,620 hourly employees compared to 350,000 in August 1979. The American Iron and Steel Institute reported that the August 1980 figure was the lowest since it began tracking employment in June 1933. In that same month, the industry's capability utilization rate sank to 54.8 percent while imports as a percentage of apparent supply had risen to 20.6 percent. But of the 86 petitions filed for TRA during this time period, the Department of Labor found only seven instances where imports were "contributing importantly" to the unemployment.

The Congress, however, decided to tighten the eligibility criteria further on the assumption that the previous test was too liberal. Application of the test belies that assumption. Nevertheless, injured workers, unemployed because of imports, will be subjected to an even more restrictive test. It is a test with which we have had previous experience. It was in the 1962 law and it was a provision which made a mockery out of the adjustment assistance provision of that legislation.

TRADE ADJUSTMENT ASSISTANCE PETITIONS

TA-W No.	Company name and location	Petition filed	Date of decision	Impact date
Determined in 1980:				
6321	U.S. Steel, Fairless Hills, Pa.	Oct. 20, 1979	Jan. 24, 1980	Apr. 7, 1979.
6588	U.S. Steel, Torrance, Calif.	Nov. 29, 1979	Feb. 8, 1980	Aug. 20, 1979.
6848	Washburn Wire, Providence, R.I.	Jan. 1980	Mar. 28, 1980	Apr. 1, 1979.
7148	International Silver, Factory E., Meriden, Conn.	Jan. 28, 1980	Apr. 11, 1980	Jan. 25, 1980.
7848	Fedders Automotive, Buffalo, N.Y.	Mar. 31, 1980	June 10, 1980	May 6, 1979.
8829	S. G. Taylor Chain, Hammond, Ind.	May 31, 1980	Aug. 21, 1980	May 31, 1979.
8759	Woodings Verona Tool, Oakmont, Pa.	May 15, 1980	Sept. 17, 1980	Jan. 1, 1980.
9139A	Walworth Co., Greensburg, Pa.	June 12, 1980	Sept. 19, 1980	Nov. 1, 1979.
9051	Bethlehem Steel, Sparrows Point, Md.	June 1, 1980	Nov. 2, 1980 amended on Jan. 30, 1981.	Jan. 1, 1980.
9055	Rockwell International, Logansport, Ind.	June 18, 1980	Dec. 15, 1980	June 15, 1979.
Determined in 1981:				
8126	G K Technologies, Pownal, Vt.	Apr. 28, 1980	Jan. 15, 1981	Apr. 1, 1980.
9605	Satralloy, Steubenville, Ohio	June 17, 1980	Jan. 16, 1981	Jan. 1, 1980.
9759	W. R. Weaver Co., El Paso, Tex.	July 16, 1980	Feb. 25, 1981	Apr. 1, 1980.
9760	Chromium Mining & Smelting, Memphis, Tenn.	do	Mar. 6, 1981	Aug. 30, 1980.
10,705	Weinman Pump Mfg. Co., Columbus, Ohio	Sept. 19, 1980	Mar. 15, 1981	July 1, 1980.
8290, 11,287, 11,286.	Lynchburg Foundry, Lynchburg, Va. and Radford, Va.	Oct. 1, 1980	Mar. 26, 1981	July 8, 1979.
11,161	U.S. Steel Corp., McKees Rocks, Pa.	Sept. 23, 1980	Apr. 27, 1981	Oct. 10, 1980.
9377	Kaiser Steel Corp., Fontana, Calif.	May 16, 1980	May 20, 1981	Jan. 31, 1981.
9655	Keller Aluminum Furniture, of Texas, Caldwell, Tex.	July 15, 1980	May 21, 1981	Feb. 17, 1980.
10,007	Lawnlite Co., Inc., Portland, Tenn.	July 24, 1980	May 28, 1981	Jan. 1, 1980.
9623	U.S. Steel Corp., Pittsburg, Calif.	July 11, 1980	June 11, 1981	Do.
9624	U.S. Steel Corp., Gary, Ind.	July 18, 1980	June 30, 1981	Oct. 1, 1979.
10,956	RHW, Inc., Colliers Div., Colliers, W. Va.	Sept. 11, 1980	Oct. 26, 1981	Sept. 11, 1979.
11,128	Utica Cutlery Co., Inc., Utica, N.Y.	Sept. 22, 1980	Oct. 27, 1981	June 1, 1980.
12,398	International Silver Co., Factory C Meriden, Conn.	Mar. 3, 1981	Nov. 12, 1981	Dec. 13, 1980.
10,523	Merck & Co., Inc., Pittsburgh, Pa.	Aug. 22, 1980	Dec. 22, 1981	Aug. 1, 1980 and before Feb. 10, 1981.
11,001	Farrell Conn. Div., USM Corp., Ansonia and Derby, Conn.	Sept. 5, 1980	Dec. 16, 1982	Mar. 23, 1980.
Determined in 1982:				
12,263	Houdailles Industries, McMinnville, Tenn.	Feb. 6, 1981	Jan. 7, 1982	Feb. 4, 1980.
11,219	Rockwell International, Suspension Components, New Castle, Pa.	Sept. 26, 1980	Feb. 11, 1982	Sept. 26, 1979.
12,076	Modulus Corp., Mount Pleasant, Pa.	Jan. 17, 1981	Feb. 18, 1982	Dec. 29, 1980.
12,164	Union Carbide Corp., Portland, Oreg.	Jan. 19, 1981	Mar. 31, 1982	May 19, 1980.
12,967	Bunker Hill Co., Kellogg, Idaho	Sept. 2, 1981	do	Aug. 1, 1981.
12,552	Electronic Memories and Magnetics Corp., Valparaiso, Ind.	Mar. 18, 1981	Apr. 8, 1982	Mar. 18, 1980.
12,790	South Bend Lathe Co., South Bend, Ind.	June 11, 1981	June 4, 1982	Feb. 1, 1981.

Chairman **Gibbons**. I want to thank each one of you for your testimony and the care and time you have given to the preparation of it.

As I said, I have been very disturbed about the whole operation of this law for 20 years. It never really has been operated fairly.

These cases that you cited, Mr. Powderly, were not cases during the Republican administration of the law, but in the Democratic administration of the law, is that correct, the ones over here that took so long, where you use the "contributed importantly" test?

Mr. **Powderly**. The "contributed importantly" change to "is a substantial cause," was delayed by 6 months, until February 9, 1982.

The Labor Department has never yet caught up with its backlog of cases, so that it would be required to treat petitions that would have to stand the new test.

It is still using "contributed importantly" for that backlog of cases that were filed with the Department prior to the time when the new test would have to take place.

I am showing here that for petitions that were decided in 1980, the average time that it took from the time of filing to the time of deciding was a 3-month period.

In 1981, from the time the petition was filed until the time it was decided, there is an average of 10 months in there, and, in 1982, while we don't have too many—seven cases to date that were decided in 1982, some of them are taking 14 months for the Department to decide, and 14 months of that worker's life has gone by, and he has not even realized that he may be entitled to some of these benefits which would include training.

That is a lot of time to go by to try to catch up with the impact of injury that occurs to these workers.

Chairman **Gibbons**. Well, I can't blame any of you for being hostile to the way this program works. It has never worked properly, but because it never has, does not mean it ought to be thrown down the drain.

It is incumbent upon us to try to straighten it out, and I am hoping we can get the cooperation of the administration to do that because it would be so much easier to do it that way than to have to try to fight it down to the wire.

Mr. **Majerus**. Make this an entitlement rather than a need basis, and as we put in our testimony, all we really need to do is change the word "need" to "shall."

The appropriations and the approvals, we just are going to continue on again without any sense of purpose, and you could not be more right.

The program should not be stopped because of bad administrative policy.

It is never needed more than it is now and will be in the next 1½ years and we have just got to have the program.

Chairman **Gibbons**. Mr. Pease.

Mr. **Pease**. Thank you, Mr. Chairman.

I would like to ask the panel whether from their experience as leaders of some of the very largest labor organizations in America, whether I missed something or other.

Mr. Lovell talked about the commitment of the administration to retraining workers. Is there something that I haven't seen that you have seen which would indicate that there is a genuine commitment on the part of the administration?

Mr. **Majerus**. Our experience certainly has not shown any commitment of the administration, and if you missed it, we missed it, too, because it just is not there, and it is sorely needed.

We have not seen any evidence that they have come up with positive attitude to correct a severe problem, really.

Mr. **Koplan**. I would like to go back to last year, when you held your hearings, and I note that Chairman Gibbons wrote to the Secretary of Labor and submitted a series of questions on February 13, 1981, to see where the administration might be going with the program.

One of the questions was:

> What are your views on a program which would eliminate trade readjustment allowances entirely, except perhaps for workers in training and job search or relocation?

The question went on, but I won't read it all.

The answer stated:

> In general, we recognize that experienced workers who lose jobs permanently are likely to need help in adjusting to this situation and will require retraining for new jobs. The details of options and how best the government can help that process are being developed.

It would seem, Mr. Chairman, that when you asked this question last year, the administration's response was that skilled workers who lose their jobs need retraining, and I was astounded to sit here this afternoon and listen to the same Department of Labor say that training really is not all that important, and now they don't know how much value you can really put on training.

It seems like you all were given a series of arguments for decimating the cash benefits program last year, and having done that on the basis of arguments by the administration that they were going to put the emphasis on training and job search and relocation, now we are back, and we are told training is not even necessary. So, yes, in answer to your question, Mr. Pease, I do hear things today from the administration that I did not hear when they were here to, in effect, decimate the cash benefits program last year.

Mr. **Pease**. Thank you.

Mr. Chairman, I think I have been negligent in not expressing my thanks to this panel, and particularly to Mr. Majerus, and we very much appreciate your coming forward to give your testimony this morning.

What about the payment of the retroactive features of this bill, which would make retroactive payments to workers to pay for their own training?

In 1981, over 90 percent of the people who were in training paid for their own training, and it seems to me only fair that we ought to go back and reimburse them for that, since the law provided for training, and they only paid their own because they were told there were no Federal moneys available.

Would you support that section of the bill, all of you?

Mr. **Koplan**. Yes, sir.

Mr. **Powderly**. Yes, sir.

Mr. **Majerus**. Any group of workers who would continue the commitment to find a place to get training, pay for it out of their pocket in an effort to get a job certainly ought to be accommodated in this piece of legislation and others to reimburse them for their expenses, and we certainly would support that vigorously and with good conscience, and would hope the committee would, also.

Mr. PEASE. Thank you, Mr. Chairman.

Mr. PAGE. Could I explain what happened back last year, when the program was out of training funds?

See, these workers were interested in training. There was no funding commitment at all, I think, in 1981 for the program.

They became aware of the fact, though, that they could get a 26-week extension of TRA, if they were in approved training; so many workers, and we believe in 1980 and 1981 the numbers were about 25,000 self-financed training with the expectation they could use this 26-week TRA extension, and use that as the source of paying off their training expenses.

On October 1, 1981, we shortened the benefit periods, and, according to the Secretary of Labor, that bill terminated employees' rights to self-financed training; so here we had by our estimates on October 1, 1981, about 15,000 people in self-financed training whose expectation of getting this TRA extension had just been ripped away from them, and now we are told, you are on your own. Not only are we not going to pay for your training, but your TRA is gone so far in excess of 90 percent of those people dropped out of the program, and this was the reform last year proposed by the administration to turn this into a training program.

The bottom line was they eliminated whatever training program that was in existence when the program was passed.

Thank you.

Mr. PEASE. Thank you. Finally, Mr. Chairman, rather than ask any more questions, I would like to take this opportunity to state for the record that the Congressional Budget Office has recalculated the cost estimates for H.R. 6482. We were pressing the Congressional Budget Office extremely hard to get figures to us at a time when they were trying to put together the budget, itself, for the Federal Government, and they did supply figures, and now they have had a chance to go back and reestimate those costs, and, for the record, I would like to state that whereas the cost for 1983 had been estimated at $627 million, CBO now estimates the cost to be $384 million, and whereas the cost for fiscal year 1984 had been estimated at $315 million, the new estimate is $131 million, and for 1985 it had been $30 million, and it is now estimated at about $40 million. So that the overall cost for the 3 years is slightly over $500 million—$555 million actually, almost half of what we originally were told.

I would like to again thank the panel for appearing today.

Chairman GIBBONS. Mr. Frenzel?

Mr. FRENZEL. I want to thank the panel for its testimony.

I was interested in a statement by Mr. Powderly of the 14-month lag in the approval of petitions. I wonder if the other members of the panel might give us the benefit of their experience, so that we might compare it to Mr. Powderly's testimony, and that of Secretary Lovell.

Mr. PAGE. Mr. Frenzel, we have had similar experience.

We have not kept a running list of the delays, but I do know from the number of calls we received from our local unions asking us what the Department, or if the Department of Labor is still in existence, that we have had a similar long, long delay in the issuance of decisions, and then, gain, since for the last 2 years, they have been negative, anyway, so, to our experience, the program right now is a paper program.

We have returned to the Trade Expansion Act of 1962, in those years where we have a program that exists on paper, you file your petition, you wait many, many months, and then you get your negative decision.

To me, that is almost worse than no program at all.

Mr. **Frenzel**. You have not kept track of the specifics?

Mr. **Page**. No; we haven't.

Mr. **Koplan**. Mr. Frenzel, I don't have figures with me, but I would not be surprised that the experience of other unions is similar to that described by Mr. Powderly in his statement, and there are some other unions who will also be submitting testimony for the record, and I imagine that they will be referring to their experience in that testimony.

Mr. **Frenzel**. I hope they do, and if any of you have anything more specific, like Mr. Powderly had in his testimony, I think we would like to have it.

[The following was subsequently received:]

TA-W No.	Company name and location	Petition filed	Date of promulgation of decision [1]	Impact date [2]
11,020	Adesol Dress Corp., Selden, Long Island, N.Y.	Sept. 8, 1980	Jan. 26, 1982	Apr. 6, 1980.
11,438	General Electric Corp., Wiring Device Dept., Providence, R.I.	Oct. 20, 1980	...do...	Sept. 1, 1980.
11,490	General Electric Corp., Wiring Device Dept., Providence, R.I.	...do...	...do...	Do.
12,098	Kransco Mfg., Inc., Moorey Boogie Division, Oceanside, Calif.	Jan 12, 1981	Feb. 2, 1982	Jan. 1, 1980.
12,587	MSM Coat Co., Inc., Oceanside, N.Y.	Apr. 1, 1981	...do...	Do.
11,484	National Fiber Glass Products, Inc, Yonkers, N.Y.	Oct. 22, 1980	...do...	May 2, 1980.
12,587	MSM Coat Co., Inc.	Apr. 1, 1981	...do...	Do.
11,484	National Fiber Glass Products, Inc.	Oct. 22, 1980	...do...	Oct. 16, 1979.
11,609	H.L. Friedlen & Co., Inc., Allegan, Mich.	Oct. 25, 1979	Feb. 19, 1982	Oct. 25, 1979.
11,294	Julius Resnick, Inc., Syracuse, N.Y.	Oct. 4, 1979	...do...	Oct. 4, 1979.
12,556	Jacana Sportswear, Inc., Bayshore, N.Y.	Mar. 30, 1981	...do...	Mar. 23, 1980.
11,219	Suspension Components Div., Rockwell International, New Castle, Pa.	Sept. 30, 1980	...do...	Sept. 26, 1979.
11,295	Lady Arrow, Brantley, Ala.	Oct. 14, 1980	..do...	Feb. 6, 1980.
11,[illegible]96	Lady Arrow, Evergreen, Ala.	...do...	...do...	Jun. 11, 1980.
1[illegible]160	Ford Motor Co., Dealer Development Office, San Francisco, Calif.	Sept. 29, 1980	Mar. 2, 1982	Sept. 15, 1980.
12,076	Modulus Corp., Mount Pleasant Div., Mount Pleasant, Pa.	Jan. 12, 1981	...do...	Dec. 29, 1980.
11,448, 11,958	Bertsch and Co., Cambridge City, Ind.	Oct. 21, 1980	...do...	Oct. 17, 1979.
11,680	Marine Optical, Inc., Brockton, Mass.	Apr. 1, 1980	Mar. 5, 1982	Apr. 1, 1980.
11,701	Reid-Meredith, Inc., Lawrence, Mass.	Nov. 10, 1980	...do...	Oct. 14, 1980.
11,945	Baker Engineering Corp., Kenilworth, N.J.	Dec. 12, 1980	...do...	Jan. 20, 1980.
11,616	Schwartz Manufacturing Co., Inc., Howell, N.J.	Oct. 31, 1980	...do...	Oct. 23, 1979.

TA–W No.	Company name and location	Petition filed	Date of promulgation of decision [1]	Impact date [2]
12,810	U.S. Steel Corp., USS Fabrication Div., Shiffer Plant, Pitsburgh, Pa..	Sept. 11, 1980	Mar. 16, 1982	Sept. 1, 1980.
11,191	Munsingwear, Inc., Eastland, Tex.	Sept. 29, 1980	...do...	Sept. 24, 1979.
12,235	Litton Systems, Inc., Triad-Utrad Div., Huntington, Ind.	Feb. 2, 1981	Apr. 2, 1982	Jan. 29, 1980.
11,586	Twine Products Corp., New Orleans, La.	Oct. 29, 1980	Apr. 2, 1982	Oct. 29, 1980.
11,875	Meco Knitting Mills, Brooklyn, N.Y.	Dec. 1, 1980	...do...	June 27, 1980.
11,684	Char-Len Handbags, Inc., New Haven, Conn.	Nov. 10, 1980	...do...	Dec. 14, 1980.
11,757	Smart Maid Coat and Suit Corp., New York, N.Y.	Nov. 19, 1980	...do...	Nov. 14, 1979.
11,253	Starbuck, Inc., San Francisco, Calif.	Oct. 3, 1980	Apr. 27, 1982	June. 1, 1980.
12,895	Schott Brothers, Inc., Schott Sportswear Corp., Perth Amboy, N.J.	Dec. 5, 1980	...do...	Dec. 1, 1979.
12,425	C&M Coat Co., Inc., Union City, N.J.	Mar. 9, 1981	Apr. 27, 1982	June 1, 1981.
12,031	Duke of Hollywood Co., Los Angeles, Calif.	Dec. 31, 1980	...do...	Dec. 22, 1979.
12,722	Flor-Nor Corp., Chula Vista, Calif.	May 10, 1981	...do...	May 10, 1980.
12,289	Shamokin Dress Co., Shamokin, Pa.	Feb. 9, 1982	...do...	Jan. 1, 1981.
12,290	Shroyer Dress Co., Selinsgrove, Pa.	...do...	...do...	Jun. 1, 1981.
11,695	Fenway Manufacturing Co., Lowell, Mass.	Nov. 12, 1980	...do...	Nov. 4, 1979.
12,552	Electronic Memories & Magnetic Corp., Gen'l Products Div., Valparaiso, Ind.	Mar. 25, 1981	...do...	Mar. 18, 1980.
11,632	Elder Manufacturing Co., Bloomfield, Mo.	Nov. 3, 1980	...do...	Jan. 1, 1981.
12,967	The Bunker Hill Co., Kellogg, Idaho.	Sept. 9, 1981	...do...	Aug. 1, 1981.
12,364	Sheldon Machine Co., Inc., Chicago, Ill.	Feb. 20, 1981	May 4, 1982	Feb. 9, 1980.
12,365	Sheldon Machine Co., Skokie, Ill.	...do...	...do...	Do.
12,020	The Adams Co., Home Products Div., Dubuque, Iowa.	Dec. 30, 1980	...do...	Dec. 26, 1979.
12,491	Crawfton Coat Co., North Bergen, N.J.	Mar. 9, 1981	...do...	Feb. 27, 1980.
11,640	A. Soloff & Son. Co., Fall River, Mass.	Nov. 3, 1980	...do...	Oct. 30, 1979.
11,807	Jersey Fashions, Inc., Jersey City, N.J.	Nov. 20, 1980	...do...	Jan. 11, 1981
11,817	Lou Levy & Sons Fashions, New York, N.Y.	...do...	...do...	Feb. 11, 1981.
11,101	Bell & Howell Co., Consumer Products Div., Chicago, Ill.	Sept. 18, 1980	...do...	Aug. 5, 1979.
12,077	Petite Dreamwear, Inc., Brooklyn, N.Y.	Jan. 12, 1981	May 11, 1982	Jan. 8, 1980.
11,973	Metro Pants, Div., Melville Corp, Harrisonburg, Va.	Dec. 17, 1980	...do...	Nov. 1, 1980.
11,972	Metro Pants, Div., Melville Corp., Bridgewater, Va.	...do...	...do...	Do.
12,032	Fedders Automotive Components Co., Buffalo, N.Y.	Nov. 24, 1980	...do...	Apr. 1, 1980.
11,971	Metro Pants Div., Melville Corp., Distribution Center, Bridgewater, Va.	Dec. 17, 1980	...do...	Nov. 1, 1980.
11,962	Metro Pants Div., Melville Corp., New York, N.Y..	...do...	...do...	Do.
12,084	Caroll Shoe Co., Summersville, W.Va.	Jan. 12, 1981	May 18, 1982	Jan. 1, 1981.
12,260	Milwaukee Glove Co., Marinette, Wis.	Feb. 6, 1981	...do...	Jan. 20, 1980.
12,203	Microdot Mfg., Inc., Detroit Diamond Div., Wyandotte, Mich.	Jan. 28, 1981	...do...	Jan. 26, 1980.
12,697	Microdot Mfg., Inc., Everlock, Tenn. and Portland, Tenn.	May 12, 1981	...do...	May 8, 1980.
12,590	Sprague Electric Co., Grafton, Wis.	Apr. 2, 1981	...do...	Mar. 30, 1980.
12,494	Bobbie Brooks Corp., Cleveland Cutting Center, Cleveland, Ohio.	Mar. 16, 1981	...do...	Mar. 12, 1980.
11,891	I.S. Sutton & Sons., Inc., Newark, N.J.	Dec. 8, 1980	...do...	Dec. 1, 1979.
12,063	Nandy Knits, Inc., Greenvale, N.Y.	Dec. 30, 1979	...do...	Dec. 30, 1979.
12,063A	Nandy Knits, Inc., New York, N.Y.	...do...	...do...	Do.
12,061	Coats Plus, Inc., Hoboken, N.J.	Jan. 6, 1981	June 1, 1982	Jan. 2, 1980.
12,443	Russell Taylor, Inc., Seacaucus, N.Y.	Mar. 16, 1981	...do...	Feb. 27, 1981.
12,315	Samsonite Corp., Denver, Colo.	Feb. 9, 1981	...do...	Feb. 2, 1980.
12,616	Toni Totes of vermont, South Londonderry, Vt.	Apr. 4, 1981	...do...	Apr. 2, 1980.
12,708	GTE Products Corp., Circuit Products Div., Williamsport, Pa.	May 18, 1981	...do...	Oct. 15, 1980.

TA-W No.	Company name and location	Petition filed	Date of promulgation of decision [1]	Impact date [2]
12,572	Fox Shoe Mfg. Corp., New York, N.Y.	Mar. 31, 1981	June 1, 1982	Mar. 7, 1981.
12,108	Mil Garment Co., Ind., Red Bank, N.J.	Jan. 13, 1981	...do...	May 17, 1980.
12,497	Fairy Tale Children's Wear, New York, N.Y.	Mar. 16, 1981	June 8, 1982	Jan. 1, 1981.
12,449	Gay Coat Co., Inc., Union City, N.J.	Mar. 9, 1981	...do...	May 14, 1981.
12,794	Fiat Allis North American Operations, Inc., Deerfield, Ill.	June 17, 1981	...do...	Oct. 1, 1981.
12,431	MCM Coat Co., Inc., Hoboken, N.J.	Mar. 9, 1981	...do...	Oct. 17, 1980.
12,051	Star Coat Manufacturing Co., Inc., Hoboken, N.J.	Dec. 22, 1980	...do...	Oct. 12, 1980.

[1] The decisions are published in the Federal Register. The actual date of certification may be 5 days or 15 days prior to promulgation.

[2] This is the date on which trade adjustment claims can be based. Layoffs before that date are not included for eligibility for trade adjustment assistance.

Mr. FRENZEL. You will recall that Mr. Lovell, or one of his assistants, suggested that they had moved the backlog down from 2,500 to 800, but, of course, we don't know how many new cases are entering the stream. We may be going backward.

The testimony would be helpful.

This subcommittee thought it was producing a better program last year than we turned out to have.

I don't really quarrel with the intent of Mr. Pease's bill, and yet I do think we need to work together to get a bill that works with the resources that are going to be available.

I don't think any of us anticipated that we would be working with $25 million, after we got done with the last continuing resolution. I understand that is why you want to go to an entitlements program, so that you will have an unlimited draw.

I don't think you are going to get an entitlements program, and I would like to figure out a way to work with the appropriators to see if we can get a program. I think there is more sympathy around Capitol Hill than you believe for some of these programs. As long as we have the administration in one position and you guys in another, and we are a hundred miles apart, both sides will remain frustrated.

I wonder if there is some inclination to try to work out a program with the knowledge that we are going to have limited resources available.

Mr. KOPLAN. We would certainly be happy to work with all members of this subcommittee in working out a program.

Let me just comment to you, if I may, that I think that as far as the people who sit at this table, we have been consistent. We testified before this subcommittee last February, and it is gratifying to see so much of what we talked about then incorporated in this bill.

What has been changing, frankly, Mr. Frenzel, has been the administration's position, and I refer, as I did in February, I refer again to Secretary Donovan's letter of April 30, 1981, to Chairman Gibbons, when at that time the Secretary said that if last year's request was adopted by the Congress, then he would let it go for a couple of years and see what happened.

I have in front of me—it says:

> After the proposal is enacted into law, we will need a period in which to assess the revised trade adjustment assistance program to see whether there are any unforeseen difficulties and to see whether any further changes are necessary. There-

fore, I would endorse a further modification of the act, which would extend the trade adjustment assistance program for two years until September 30, 1984.

And he states in that letter that he has cleared this letter I just read excerpts from with OMB.

What we were hearing today, and what was included in the budget resolution last week at the insistence of the administration is a shift in position, but I think the labor movement has, as I say, been consistent in all of our testimony, and united in what we have been asking for.

Mr. FRENZEL. Mr. Majerus?

Mr. MAJERUS. I had called to your attention, if you will, on page 10 of our proposal, we address ourselves to that very question. We think the answer to that really lies in the restoration of the trust fund—the establishment of the trust fund, which puts a percentage on the imports and the duties collected. That is really the answer. We know that there is no bottomless well here, and we also understand that there won't be an open account. But we also know that your surprise and our surprise at the $24 million, even if it is $25 million, as the Secretary said, is understandable because it is not a responsible amount of money to spend on training for displaced workers in an economy that is depressed as ours is, and an unemployment rate continuing to grow every day. There is a way to get a handle on it. You can make the funds available, still keep them contained within a reasonable cost and have a responsible way of finding the money, so we invite you to check our testimony.

Mr. PEASE. I think at this point, it might be worth all of our just keeping in mind that the TAA bill as it left this committee last year provided for training as an entitlement, the same as this bill would call for, and the bill which went to the House floor last year, as the House Budget Committee's recommendation on reconciliation, also contained TAA training as an entitlement, and that present law was not a product of this subcommittee or the full Ways and Means Committee, but rather of the Gramm-Latta budget that was passed by the House.

I appreciate the gentleman yielding.

Mr. FRENZEL. I thank the gentleman, and I also was aware of the support for the trust fund, but I have to remind the witnesses that there are very few interests that come before the Congress that don't want a trust fund for their particular interest areas, and very few have been successful over the years in achieving trust fund financing, so, again, I can only say I agree with you, $25 million does not do anything to resolve our problem, but I am not sure that holding out for the ultimate, which is an entitlement, is going to solve our problem, either, because it is not going to be able to be financed.

Mr. POWDERLY. I would like to join with the Auto Workers. For the period 1975 through 1980, we estimated when the weekly readjustment allowance was an entitlement, that the value of steel imports was $34.4 billion into this country, and workers in the primary metals industry received TRA benefits equal to about $34.8 million, which is 1 penny on the dollar, and that 1 cent on the dollar we feel is not an awful lot to pay for having these imports come into this country, and it seems very little when you come down to it.

Mr. **Koplan**. We also endorse the restoration of the trust fund in our testimony.

Mr. **Majerus**. Those folks have pointed out some of the things, but if we accept the Secretary's premise, workers get laid off because of the trade laws of this country, and we get ourselves in the position of a favorable posture because of that as a nation. Yet workers who pay the price for that by losing their jobs surely ought to have some portion of that revenue generated by the imports. I don't know who else could come before the Congress and ask the kind of thing, but this program on its merits ought to be given serious consideration.

The Secretary today indicated that he thought that was a fine program. The chairman has said it has never worked, and we know it has never worked, and it won't work, unless you do something about it in this legislation.

The trust fund seems to be the best posture at the moment; that we take away a worker's job, because we permit others to ship into this country; well, we ought to do something about it. We ought to provide training under this bill.

Mr. **Frenzel**. I thank the witnesses.

Chairman **Gibbons**. Mr. Brodhead?

Mr. **Brodhead**. Thank you, Mr. Chairman. I don't really have any questions. I want to commend this panel.

Organized labor has been consistent and persistent and united in its approach to the problem.

You have not forgotten those workers who have lost their jobs, though, through these many months. You have never forgotten them, and have continued to pester the Congress to meet its responsibilities and its obligation in this regard, and I want to congratulate you, Mr. Koplan, and say that I hope that we can be as faithful and as honest in our approach to this problem as you have been.

You have given us a challenge, and I hope we can meet it, and I thank you.

Chairman **Gibbons**. Let me ask a question here. Mr. Powderly, turn to the last page of your statement.

Look at that Rockwell International case. Now, there is a case in which apparently there was some real trade impact.

I am not familiar with it at all. Maybe I am wrong, and it started off rather slowly, and about 1 year ago you all filed a petition, and then, from September 1980 to February 1982, it took them that long to decide it.

Mr. **Powderly**. You are looking at the impact date.

Chairman **Gibbons**. That is even longer, that is 3 years, 2½ years, but it apparently came on slowly. Somebody did not recognize it, or was slow filing the petition. It took about 1 year to file the petition. The impact date goes back that far, but then it took them a long, long time to decide. Why did it take them so long to decide it, do you know?

Mr. **Powderly**. I really—well, Mr. Chairman, when a petition is filed, we try to ascertain whether there is an impact of trade. Obviously we try to monitor steel import data. We try to look at the data, but we really cannot. We have to leave it up to the Labor Department to determine whether this particular firm was impacted by trade.

Chairman GIBBONS. I did not pick a steel case because of the suspension components. I would imagine that that would be something that could be measured even easier than flat steel.

Mr. POWDERLY. I am suggesting, if you look at the first page, the ones that were determined in 1980, TAW 9055, Rockwell International in Logansport, Ind., was determined to have been trade-impacted within a 6-month period.

On the third page, another branch of that same company in New Castle, Pa., it took 17 months.

Now, it is from the time the petition is filed that it is taking this amount of time to come to a decision. Once the decision is made that they were trade-impacted, the Labor Department can reach back as much as 1 year from the time of filing, because sometimes layoffs are gradual, and sometimes the workers get back to work and a petition could be terminated. But the reason the Labor Department could go back to 1979 is because the law permits them to reach back a whole year and dredge back those workers who were laid off up to the time when it was determined to file the petition.

Chairman GIBBONS. This must have been the kind of case that came on slowly and was not clearly recognized until about 1 year after it started, and then it took almost 2 years to decide.

Mr. POWDERLY. Yes, the time from the petition filing to the time of decision, that clearly workers are laid off in such a number that it is considered to be important enough to file that petition.

I hope I am making myself clear.

Chairman GIBBONS. I was thinking of putting myself in the position of somebody who has been waiting from 1979 to 1982 to get a decision.

Mr. MAJERUS. We would like to accept the committee's invitation to submit to you data on our delay times.

Chairman GIBBONS. We would be glad to have it, any information you have.

[The following was subsequently received:]

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE
& AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW,
Detroit, Mich., June 18, 1982.

JOHN J. SALMON,
Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Washington, D.C.

DEAR SIR: The following is for inclusion in the official record of the hearings.

During the June 14, 1982 hearings on H.R. 6482 and H.R. 6509, we offered to supplant the record with data showing UAW experience on the delays in the certification process. Attached please find a representative listing of decisions rendered by the Department of Labor in 1981 involving the UAW.

During testimony by representatives of Chrysler Corporation, Representative Frenzel made a comment about "$20 an hour Chrysler workers." Unfortunately, the Chrysler witnesses did not correct this erroneous statement. In fact, Chrysler hourly workers are currently being paid, before taxes, at the average hourly rate of $9.50 an hour. The most heavily populated Chrysler classification is assembler, paid at $9.07 an hour rate. The average hourly earnings of all production workers in the manufacturing sector in April 1982 was $8.40 an hour.

The administration witnesses were also questioned about the failure to implement regulations subsequent to the passage of the Omnibus Budget Reconciliation Act of 1981.

I would like to make the Subcommittee aware of the following problem caused in part by the failure to issue regulations.

In March 1982 we learned that the U.S. Department of Labor issued guidelines applying the "suitable employment" test for training to job search and relocation applications. The net effect of this guideline was to deny job search and relocation benefits to an applicant where the new job paid less than 80 percent of the laid-off worker's former rate. Thus, an unemployment auto worker who formerly earned $10 an hour could only get job search or relocation assistance if the new job paid more than $8 an hour. The UAW protested this guideline and subsequently was advised by letter dated April 7, 1982, that the Department has imposed no "illegal or counterproductive guidelines relative to the suitable work status of workers seeking job search and relocation assistance."

The letter went on to advise the UAW that the 80 percent test was not applicable. The UAW thereupon contacted the Michigan Employment Security Commission and was advised that until written notice was received from the Department of Labor, the 80 percent test would still be applied to job search and relocation applicants. At our urging, the Department of Labor then sent telegrams to all states advising them not to apply the "non-existent" 80 percent of former wage test.

We believe the above mixup would not have occurred if regulations had been proposed for our review. Moreover, this episode once again demonstrates the "kamikaze" spirit used by the Secretary to administer the employment services aspects of the program. No possible public purpose was served by even attempting to impose this 80 percent test on job search and relocation applicants.

Very truly yours,

LEONARD R. PAGE,
Associate General Counsel.

Attachment.

TA-W No.	Company and location	Petition received	Decision reported [1]	Approximate processing time (in weeks)
12,171	Republic Die & Tool Co., Wayne, Mich	Jan. 20, 1981	Apr. 22, 1981	13
12,198	Electric Apparatus Co., Howell, Mich	Jan. 27, 1981	Apr. 6, 1982	10
12,653	Multi-Phase Finishing Co., Warren, Mich	Apr. 21, 1981	Sept. 28, 1981	23
12,997	Allied Products Corp., South Bend Stamping Division, South Bend, Ind.	Sept. 21, 1981	Dec. 15, 1981	12
13,133	Ford Motor Co., Pennsaukea, N.J	Dec. 4, 1981	(2)	(3)
11,945	Barker Engineering Corp., Kenilworth, N.J	Dec. 11, 1980	Mar. 2, 1982	12
12,275	Bristol Lockout Co., Madison Heights, Mich	Feb. 9, 1981	Mar. 23, 1982	58
12,095	Faigle Tool Co., Dearborn, Mich	Jan. 12, 1981	June 30, 1981	25
12,125	McQuay Norris, Inc., Indianapolis Division, Indianapolis, Ind.	June 20, 1980	June 23, 1981	52
12,125	McQuay Norris, Inc., Warehousing & Packaging, Casey, Ill.	do	do	52
11,921	Monroe Auto Equipment Co., Monroe, Ill	Dec. 10, 1980	Oct. 30, 1981	46
11,927	Allen Manufacturing Co., Bloomfield, Conn	Dec. 11, 1960	(2)	(3)
11,934	J. C. Glenzes Co., Ferndale, Mich	do	Apr. 20, 1981	18
13,050	Mold-a-Matic, Inc., Madison Heights, Mich	Sept. 2, 1981	(2)	(3)
12,804	Reece Corp., Waltham, Mass	June 23, 1981	(2)	(3)
12,807	VW of America, Westmoreland Assembly, New Stanton, Pa.	do	Dec. 22, 1981	26
12,808	VW of America, South Charleston Stamping, South Charleston, W. Va.	do	do	26
13,140	Berkeley-Davis, Inc., Danville, Ill	Dec. 15, 1981	(2)	(3)
13,142	Ford Motor Co., Engine Plant No. 1, Brook Park, Ill.	Dec. 4, 1981	(2)	(3)
13,143	Ford Motor Co., Engine Plant No. 2, Brook Park, Ill.	do	(2)	(3)
13,144	Form Motor Co., Cleveland Casting Plant, Brook Park, Ill.	do	(2)	(3)
12,382	Hastings Manufacturing Co., Hastings, Mich	Mar. 2, 1981	Nov. 24, 1981	38
12,385	Baker Material Handling Corp., Cleveland, Ohio	do	(2)	(3)
12,388	International Harvester Co., Louisville, Ky	Feb. 27, 1981	Apr. 6, 1982	57
12,395	Bendix Corp., Cleveland, Tenn	Mar. 5, 1981	Mar. 23, 1982	55
13,126	Gerity Schultz, Toledo, Ohio	Dec. 1, 1981	(2)	(3)

TA-W No.	Company and location	Petition received	Decision reported[1]	Approximate processing time (in weeks)
13,131	Jeep Corp., Toledo, Ohio	Dec. 4, 1981	(2)	(3)
11,203	Chrysler Corp., Cape Canaveral, Fla	Oct. 6, 1980	Apr. 1, 1981	25
12,302	International Harvester Co., Melrose Park, Ill	Feb. 17, 1981	Apr. 6, 1982	59
12,318	Fleetguard Division of Cummins Engine, Cookeville, Tenn.	Feb. 1, 1981	Feb. 9, 1982	53
12,320	General Motors Corp., Oklahoma City, Okla	Feb. 13, 1981	July 28, 1981	24
12,321	General Motors Corp., Wilmington, Del	do	Aug. 25, 1981	28
12,331	Basic Aluminum Castings Co., Cleveland, Ohio	Feb. 20, 1981	(2)	(3)
13,117	LaSalle Machine Tool, Inc., Warren, Mich	Nov. 27, 1981	(2)	(3)
12,534	Abbot Fabrics, Inc., Dunailen, N.J	Mar. 20, 1981	Mar. 23, 1982	52
12,538	Federal Screw Works, Romulus, Mich	Mar. 24, 1981	(2)	(3)
12,539	Federal Screw Works, Detroit, Mich	do	(2)	(3)
12,544	American Medical Instrument Corp., Flushing, N.Y.	do	Jan. 5, 1982	40
12,550	Venice Industries, Carlstadt, N.J	Feb. 11, 1981	(2)	(3)
12,555	International Harvester, Springfield, Ohio	Mar. 27, 1981	Apr. 6, 1982	53
12,505	Ex-Cell-O Corp., Howell, Mich	Mar. 12, 1981	(2)	(3)
12,514	Chrysler Corp., Detroit, Mich	Mar. 17, 1981	(2)	(3)
12,516	Mack Truck, Inc., Hayward, Calif	do	June 23, 1981	14
12,215	International Harvester, Louisville, Ky	Jan. 30, 1981	Apr. 6, 1982	62
12,245	Varbros Co., Cleveland, Ohio	Feb. 3, 1981	Mar. 23, 1982	59
11,151	Sheller-Globe, Lima, Ohio	Sept. 25, 1980	(2)	(3)
11,153	Teledyne Ohio Steel, Lima, Ohio	do	Aug. 13, 1981	46
11,181	S.K.W. Alloys, Calvert City, Ky	Sept. 30, 1980	Nov. 30, 1981	60
11,182	Crown Fabrications, Sterling Heights, Mich	Sept. 29, 1980	Sept. 14, 1981	50
11,207	Metokote Corp., Rushville, Ind	Oct. 1, 1980	Jan. 6, 1981	14
11,693	Boeing Vertol Co., Philadelphia, Pa	Nov. 10, 1980	July 21, 1981	36
11,740	AM General Corp., Marshall, Tex	Nov. 13, 1980	Apr. 6, 1982	19
11,753	Empire Kurt Wear, New York, N.Y	Nov. 19, 1980	Oct. 13, 1981	49
11,849	Sealed Power Corp., Muskegon Heights, Mich	Nov. 28, 1980	Sept. 28, 1981	43
11,868	Kent Moore Stamping & Fabricating Co., Detroit, Mich.	Dec. 1, 1980	Aug. 17, 1981	37

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[1] Listed are the dates above which the determinations were reported in the Federal Register. The determinations were generally issued a few days, but never more than a week, before this date.

[2] Decision has not been reported.

[3] Not applicable.

Mr. POWDERLY. If you look at the very last entry, South Bend Lathe Co., South Bend, Ind., that petition was filed on June 11, 1981. When it was discovered that the company was filing for trade adjustment assistance, in the Federal Register we found that the company had applied for itself to get the loan guarantees and what not.

The South Bend Lathe Co. was certified as trade impacted under the same definition that is required for workers, and yet it took from June 11, 1981 to June 4, 1982, a full year, even though the company had been certified as trade-impacted.

Chairman GIBBONS. Let me see if I understand it: South Bend applied under the company program for its own assistance?

Mr. POWDERLY. Yes, sir.

Chairman GIBBONS. You applied, and then it took another year after that for them to decide that you met the requirement?

Mr. POWDERLY. That is correct. It took 6 days less than a year for them to determine that the workers——

Chairman GIBBONS. That is what you call vigorous enforcement.

Mr. POWDERLY. The determination for workers and firms is identical.

Chairman GIBBONS. Even a guy like me gets a little cynical.

Mr. PEASE. Mr. Chairman, you probably want to move on to the next panel, but I just would like to say that since I became interested in this thing about 2 years ago, working primarily with all of the workers in my district, many of whom are still laid off, I have run into similar problems with steelworkers in my district.

The steel mill in my area employs 9,000 people; 5,500 were laid off.

The plant was operating full tilt last year and it is going to be very difficult for me to go back and tell those workers that I'm even thinking about supporting free trade or relaxation of tariffs or that sort of thing, when I have to also tell them that the Federal Government is turning a deaf ear to their needs for training and retraining.

The two just go together, and it seems to me not very sensible on the part of the Department of Labor or the administration to be espousing the Caribbean Basin Initiative on one hand, and yet refusing to ameliorate the problems of unemployed workers on the other hand.

Chairman GIBBONS. Thank you.

Mr. MAJERUS. You couldn't be more right.

Chairman GIBBONS. Thank you very much.

Mr. Eckart.

STATEMENT OF HON. DENNIS E. ECKART, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. ECKART. Thank you very much, Mr. Chairman.

I have a written statement I would like to submit for the record.

Chairman GIBBONS. You may proceed as you wish.

Mr. ECKART. I would first like to thank you for your leadership. As a Representative from a State which has 606,000 people out of work, I support this legislation and urge your committee's prompt and expeditious consideration of it.

Mr. Chairman, some local statistics about Ohio. This legislation is important because the State of Ohio's economy is in cardiac arrest.

We are experiencing the highest levels of unemployment in our State since the time of the Great Depression. In northeastern Ohio we have also witnessed the largest number of housing foreclosures since the time of the Great Depression. We have witnessed people not only having to give up their jobs but having to give up their homes. People can't afford $1,000 to go to a vocational school; they can't afford to keep their homes, and they can't afford to send their children to school or to provide them with clothing.

A constituent of mine wrote to me about this bill, and said: "Mr. Eckart, I can't afford to keep my house. I can barely afford to provide for my children. How do you expect me to pay to go to school?"

Mr. Chairman, members of the committee, the plight of that man perhaps best underscores the need for Mr. Pease's legislation.

Simply put, people no longer are capable of hope for a better life, because the unemployed in my district no longer have any options.

Mr. Chairman, I couldn't help but be deeply disturbed by the comments of Mr. Lovell who said that the problems will be solved when the President's overall economic program ultimately starts working.

Mr. Chairman, the administration is fiddling while our basic industries are burning.

To say that the unemployed's problems will be lessened by time reminds me of what people say at the end of a very dismal baseball season: "Wait 'til next year."

The administration continues to substitute wishful thinking and a wait-and-see attitude for rational and substantive policy.

The targeted funding that Mr. Pease's bill provides will go toward many programs under the jurisdiction of my other committee, Education and Labor.

I know full well that many Members of Congress are committed to providing retraining, but we can't do so, Mr. Chairman, through "if come" funding. Keying in funding to those programs that provide retraining creates a relationship between companies that are putting people out of work and programs designed to put people back to work.

This legislation is critical for all of Ohio, and Mr. Chairman, members of the committee, I don't think that the unemployed can afford any more time. I don't think the unemployed have the opportunity that some here in Washington say they might have of taking lower paying jobs.

There are not enough gas stations or grocery stores to hire all of my unemployed steelworkers, seafarers, or auto workers.

I wanted to come here this afternoon to give a little bit of a local flavor to the importance of this legislation. I would be happy to respond to any of the Members' questions.

[The prepared statement follows:]

STATEMENT OF HON. DENNIS E. ECKART, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO.

Mr. Chairman, I want to commend my colleague from Ohio for his leadership in addressing this critical issue. As representatives of a State in which 606,000 people are out of work, we are both well aware of the hardship and turmoil caused by lack of jobs. I strongly support his legislation and share his interest in seeing quick action by the House this session.

This proposal stands out from other job retraining measures because it is affordable in a tough economic time, uncomplicated by bureaucracy, and based on a sound and ancient biblical premise: an eye for an eye, a tooth for a tooth. It's only right, Mr. Chairman, that the foreign corporations who are helping to put our people out of work should have to help pay for putting Americans back to work. It is cause and effect legislation, linking the cause of unemployment with the cure.

There is no question in my mind that foreign imports are playing a starring role in the systematic devastation of certain domestic industries, thereby forcing millions of Americans out of work. A quick analysis of unemployment rates in Ohio counties reveals that the jobless numbers are highest in areas where local industry is being increasingly threatened and edged out by foreign competition. For example, several Northeast Ohio steel mills, which have employed thousands of Ohioans since the turn of the century, have closed down in recent years because of intense and, often, unfair competition from foreign competitors. I use the word unfair because these outside companies are often wholly government-owned or beneficiaries of large subsidies. And I use it because some of the these companies have blatantly engaged in unreasonable pricing and product dumping in the U.S. market to increase sales.

I support free trade, Mr. Chairman, but it has to be fair trade. While Japan is able to export automobiles freely to an open U.S. market, her own market is severely restricted. As the American auto industry struggles through a period of major structural change, Japanese automobile manufacturers are setting records in sales, production, and profits. During 1979 and 1980, sales of imported automobiles reached record highs in the American economy, both in terms of the number of units sold and their market share. By 1981, Japanese imports averaged 27.3 percent of the American new car market. Meanwhile, a distressed domestic industry continues to deliver thousands of pink slips to workers who have spent most of their lives making automobiles. In March of this year, indefinite layoffs among auto workers peaked again, exceeding 250,000. It is estimated that since 1978, the United States has lost 600,000 auto-related manufacturing jobs and could lose another 600,000 by 1985 as a result of foreign invasion of the market.

Clearly, we are facing the most serious and massive employment dislocation in our Nation's history. We have been largely engaged in the business of income maintenance for temporary layoff, but the reality is that there is no going back. We have to recognize that there will be a need to reemploy thousands of former auto-related workers who will never return to their old jobs, ever under the most optimistic of assumptions. And we have to recognize that the best and only offer that can be made by the Federal Government is job retraining.

And yet, the administration is slashing CETA, EDA and most DOL programs. It has gutted the Worker Trade Adjustment Act, breaking promises under the TAA pact just when they are needed the most. According to the Assistant Commerce Secretary for Economic Affairs, the administration's prescription for the unemployment malaise is the enactment of the President's overall program and review of 34 auto-related regulations. Reductions in the trade adjustment assistance program, Mr. Dederick says, "reflect the hard realities of an austere budget." In truth, the hard reality is that the administration continues to substitute wishful thinking and a wait-and-see attitude for rational, substantive policy.

The proposal you have in front of you today would guarantee that workers who are hungry for new skills will have a retraining program available to them. It does this without requiring new taxes and without creating a new bureaucracy. By simply earmarking tariffs from foreign imports, we may help stem the tide of industries abroad which are hurting Americans at home.

When I looked at the May DOL statistics, Mr. Chairman, I saw a mirror of 10,500,000 people standing idly in unemployment lines, their faces reflecting a shattered American dream. I believe we have two choices: We can enact this legislation, or we can sit back in complacence, as the administration is content to do, and watch our Nation falter toward the future like a horse with a broken spirit.

Chairman GIBBONS. Certainly your testimony has been thoughtful, and we appreciate your lending your support to this legislation.

Mr. PEASE. I would like to thank my colleague from northeastern Ohio who knows firsthand some of the same problems that my own constitutents face.

Our part of the country is in serious trouble. And we are going to need some help getting out of it.

I also appreciated the letter that my colleague read from one of his constituents.

It occurs to me that one of the big advantages of being in Congress in trying to understand these problems is that we don't just hear from the experts from the Department of Labor, committee staff, as valuable as they are, but we also hear from ordinary constituents who say, "Listen, I am willing to go to school and take the time, but I have to choose between tuition and food for my kids." That is not a choice to me, and it seems to me the Department of Labor in its testimony didn't have that flavor to the situation that many, many workers face.

I do want to commend Congressman Eckart for his support of this bill in general.

Mr. ECKART. Thank you, I would like to share with the committee the story of one of my constituents who was studying to become a paramedic. There is a tremendous need for medical technology and people who are willing to enter the medical field.

Once he would have completed his paramedic degree, he would have had his choice of jobs. Unfortunately for him, before he completed his degree, not only did his unemployment compensation run out, but his subfund ran out and he had to somehow support two little boys, one age 6 and one age 4.

He has a wife who has been ill from time to time and he had purchased a new home 3½ years ago—when the economy looked a little bit better. They have had to sell, his sister sold their house, and they have moved in together.

Economic circumstances have forced the family to abandon their home and move in with relatives. Our President ran on the platform of restoring the family but he didn't realize that what he was doing was forcing families to move into one another's homes to live together in order to be able to afford the necessities of life. Here is a personal example that is different from those of the experts, but which eloquently testifies to the needs of this young man to better himself and to change his skills. He worked for a railroad in northeastern Ohio to attain a skill that would provide him with a future for his family.

Mr. PEASE. I think maybe there is an opportunity here to make an additional point touching on what Mr. Lovell said.

He was suggesting that weekly benefits or training just delays forcing workers to make the decision, the tough psychological decision to accept a job that pays less. Unless I missed my guess, Mr. Eckart's constituent would have been going to a lower paid job as a paramedic than as an auto or steel worker, so those workers are willing to take less money but they still need to be retrained to be a health care professional or whatever area.

Mr. FRENZEL. I want to thank our colleague for coming down here. Most of the members can't find this subterranean chamber and we appreciate your special effort to give us the benefit of your counsel.

Mr. ECKART. Thank you, Bill.

Chairman GIBBONS. Now, we will hear from the Chrysler Corp.

STATEMENTS OF EUGENE P. JACOBY, PRESIDENT, AND PATRICIA BAMBERY, VICE PRESIDENT, CHRYSLER LEARNING, INC., ACCOMPANIED BY ROBERT J. CONNER, JR., DIRECTOR, FEDERAL RELATIONS, CHRYSLER CORP.

Mr. JACOBY. I am not on the official agenda, but I would like to join Pat Bambery in our testimony.

We are a wholly owned subsidiary of the Chrysler Corp., and I am the president of the subsidiary.

Ms. Bambery is our vice president, and Bob Conner is our director of Federal relations in the Washington office.

We are pleased to have the opportunity to appear before you regarding amendments to the Trade Adjustment Assistance Act.

We believe strongly that retraining workers displaced by the effects of foreign competition is important in helping provide industry with the skilled human resources necessary for the technological advancement critical to maintaining America's productivity.

Chrysler Learning is a part of the Chrysler Institute, which was established in 1931 by Walter P. Chrysler. We assist the corporation in updating the skills of its employees through a variety of technical assistance and skills training programs. As an example, last year alone Chrysler Institute provided over 100,000 trainee hours of services on such projects as the K-car launch, work standards training programs, statistical quality assurance programs, productivity improvement clinics, and the installation and maintenance of robots in our manufacturing plants.

In 1968, Chrysler Institute formed Chrysler Learning to serve as a labor market intermediary linking private sector training needs and public sector employment and training programs. Working with a variety of local businesses throughout the country, we have operated employer-based training programs in a number of entry level skill and high skill occupational areas. Based on our experience, I have asked Pat Bambery to present you two examples of model retraining programs applicable to your considerations and also to provide you with our legislative recommendations based on our experience in operating these programs.

Chairman GIBBONS. We will be glad to hear from you.

Ms. BAMBERY. Chairman Gibbons, and members of the subcommittee, I would like to cover two examples of what we believe to be model retraining programs for displaced workers. Currently, in our pursuit of public-private ventures, we are operating two different programs which we believe provide important examples of viable partnerships between government and business. Both are retraining efforts designed to make the skills of displaced workers contemporary with the skill needs of private industry.

First, consider our programer trainee retraining program, which is currently underway. Approximately 1 year ago, Chrysler Learning, Inc., was informed by Chrysler Corp. of its need to have a number of management information systems—MIS—personnel trained and hired as programer trainees over the period of a year.

This is an occupational area of substantial demand in Detroit, as well as nationally. Chrysler Learning, Inc., linked Chrysler Corp.'s need for trained computer programers and the corporation's commitment to layoff assistance with government training funds available through the city of Detroit's Department of Employment and Training and Private Industry Council. This effort has resulted, to date, in 21 persons being trained and placed in Chrysler.

This represents a 100 percent entered employment rate at a training cost of $4,000 per person.

Persons entering this program were predominately blue collar, and represented a wide cross section of job experiences and formal education and training. All had in common previous employment in the Chrysler Corp. They were laid off with no hope of recall and existed on some form of public assistance or unemployment insurance, receiving an average benefit of $7,500 annualized. Obviously, the net savings of Government dollars through the investment in this training program is substantial.

In this specific program design, Chrysler Learning, Inc., provides an initial 2-week employment and training services curriculum which focuses on the problems encountered by laid-off workers as they reenter the labor force; on career change; on career pathing; and on productivity on the job. This set the basis for ongoing support counseling throughout the technical and skills training, and for intensive followup by the vocational counselor upon job placement, to assure job placement success.

In addition, Boeing Computer Services, a subsidiary of the Boeing Corp., provides 8 weeks of computer skill training utilizing a curriculum tailor made to Chrysler Corp.'s job specifications for programer trainees. Subsequent to this classroom training, the participants are receiving 9 months of unsubsidized on-the-job training from Chrysler Corp.

Followup evaluations have indicated that program graduates are competent entry-level programers. An additional advantage, according to their supervisors, is that because these rehired workers have had experience in other areas of the corporation, such as manufacturing, quality control, personnel, accounting, and security, they understand Chrysler's operations more fully and are aware of the problems faced by users of the computer systems. Because of their prior years of service in the corporation, retrainees demonstrate excellent work-related attitudes and behaviors, and are already aware of personnel and management policies. In all, these retrained workers are excellent employees in their new occupation, and contribute to the enhanced productivity of our corporation.

This retraining program is important not only in and of itself, but also because it established a model for similar initiatives in the future for other business/industries, as well as for Chrysler Corp.

Second, consider our retraining effort that is now beginning which directy utilizes the retraining provision of the Trade Adjustment Assistance Act on the Chrysler-McGraw Glass Plant in Detroit, Mich.

With the decline of auto sales in the late 1970s, primarily due to the adverse impact of foreign competition on the auto industry, the McGraw Glass Plant faced severe layoffs, as did many other autoplants throughout the country. As a result, McGraw was designated as a plant covered by the Trade Adjustment Act. Despite the fact that many glass plantworkers were laid off, technological developments in the fabrication of glass car parts did not diminish; but rather, as in many industrial areas in the late 1970's and early 1980's, the developments increased in pace.

The future product plans of Chrysler Corp. require extreme flexibility in the manufacture of tempered glass parts. To address these needs, Chrysler Corp. is investing approximately $6 million in plant alterations and equipment purchase.

While the corporation has continued to keep the skills of its employed labor force current with the new dimensions to their jobs, those persons who had been displaced no longer remained contemporary in their work skills.

To address this problem, the corporation has committed itself to an on-the-job training program in conjunction with the Michigan Employment Security Commission, to retrain those TAA-eligible laid off persons who will return to jobs that are new and/or have different dimensions. This is clearly an example of how the public-private partnership can work to facilitate the retraining of a displaced work force, while moving to boost industry's productivity.

Based on this experience and others, we have a series of recommendations for your consideration. Our recommendations are limited to matters relating to the provision of retraining, an area in which we believe we have substantial expertise. While we recognize there are other areas of concern to you as you formulate the legislation, we will confine our remarks to the issue of retraining.

First, in recognition of the fact that technological advancement is critical for American industry to remain competitive in the face of competition from foreign trade, training workers to remain contemporary with industry's skill needs must be an integral component of trade adjustment assistance—TAA. In this regard, Chrysler Learning, Inc., recommends that:

A. TAA retraining is a more appropriate means to service displaced workers than simply paying laid off workers to remain idle.

B. TAA eligible workers should be able to, and be provided incentives to utilize training.

We, therefore, support the objectives of H.R. 6482 to extend TAA training benefits.

Second, in designing the training component of Trade Adjustment Assistance, Chrysler Learning, Inc., recommends that:

A. Training provisions ought to be sufficiently flexible to allow training opportunities to suit both the needs of private industry, as well as the individual needs of displaced workers.

B. Individual States should be able to allocate funds between job search/relocation and training/employment services, depending upon a State's needs.

C. The criteria for eligible training programs should be sufficiently flexible as to allow for programs that either provide new skills, or that update old skills to allow a worker to remain contemporary with the needs of business and industry.

We believe that these programmatic changes would considerably enhance the ability of States and industries to design training efforts best suited to our major national objective—putting people to work.

Third, in determining the funding base of the Trade Adjustment Assistance Act, Chrysler Learning, Inc., recommends the establishment of a sufficient and consistent workers' assistance program. Clearly, the provision of appropriate resources, and their effective and consistent administration, are critical to providing meaningful training and retraining to displaced workers with the objectives of enhancing America's productivity.

The lack of such stability has been a substantial barrier to effectively provide retraining and enrollment into training programs. The future funding mechanism, then, should provide for a stable ongoing funding base for a worker assistance program administered in a cost-effective manner. Such funds as are necessary to carry out the act should be prudently allocated to accomplish the goals and objectives of this program.

Again, we express our appreciation for the opportunity to appear before you today. We have submitted a written testimony detailing these recommendations and others for your review and consideration.

The legislation you are considering is important to the determination of how America's work force will remain productive, a challenge that industry, organized labor, and Government must face together.

We assure you of our commitment to retraining—a commitment that we believe is the key to America's productivity.

[The prepared statement of Chrysler Learning, Inc./Chrysler Corp., follows:]

STATEMENT OF CHRYSLER LEARNING, INC./CHRYSLER CORP.

CHRYSLER
LEARNING INC.

June 14, 1982

CHAIRMAN GIBBONS AND MEMBERS OF THE HOUSE SUBCOMMITTEE ON TRADE:

INTRODUCTION

I am Eugene P. Jacoby, the President of Chrysler Learning, Inc., a wholly-owned subsidiary of Chrysler Corporation. With me today is Patricia A. Bambery, our Vice-President of Employment and Training Contracts and Product Development and Robert J. Conner, Jr., the Director of Federal Relations in Chrysler Corporation's Washington Office.

We are pleased to have the opportunity to appear before you regarding amendments to the Trade Adjustment Assistance Act. We believe strongly that retraining workers displaced by the effects of foreign competition is important to helping provide industry with the skilled human resources necessary for the technological advancement critical to maintaining America's productivity. Clearly, the direction this Subcommittee is taking demonstrates a strong Congressional interest in both industry and its displaced workers.

ORGANIZATIONAL BACKGROUND

Chrysler Learning, Inc. is a part of the Chrysler Institute, which was established in 1931 by Walter P. Chrysler in response to a skill shortage of automotive engineers that existed then in our industry. In 1958, the Institute began additional initiatives to assist the Corporation in continuing to update the skills of its employees through a variety of technical assistance and skills training programs. As an example, last year alone Chrysler Institute provided over 100,000 trainee hours of services on such projects as the K-Car Launch, Work Standards Training Programs, Statistical Quality Assurance Programs, Productivity Improvement Clinics, and the installation and maintenance of robots in our manufacturing plants.

In addition to these technical skills training programs, Chrysler Corporation provides professional development opportunities to its employees. Chrysler Institute began its Certificate Program in Industrial Management in 1971, and in 1973 affiliated with Central Michigan University to offer a four-year baccalaureate degree.

In addressing the Corporation's training needs, we became aware of other employer-based demand for skilled workers. To respond to this, we formed and now operate tuition-based licensed vocational education schools in auto mechanics, diesel mechanics, combination welding, and lift truck maintenance and repair.

In 1968, Chrysler Institute formed Chrysler Learning, Inc. to serve as a labor market intermediary linking private sector training needs and public sector employment and training programs. Working with a variety of local businesses throughout the country, we have operated employer-based training programs in electronics, drafting, heating and air conditioning, machinist, large farm equipment repair, building services, computer programming, and other skills areas. These programs were initially funded through categorical employment and training programs, and have continued under the Comprehensive Employment and Training Act and the Trade Adjustment Assistance Act, serving the needs of both private industry and displaced workers with significant successes often achieved in spite of legislative and regulatory barriers. To that extent, I have asked Patricia A. Bambery our Vice-President of Employment and Training Contacts and Product Development to present you two (2) examples of model retraining programs applicable to your considerations and provide you with legislative recommendations based on our experience in operating these programs.

CHAIRMAN GIBBONS AND MEMBERS OF THE HOUSE SUBCOMMITTEE ON TRADE:

RETRAINING MODEL PROGRAMS

I would like to cover two brief examples of what we believe to be model retraining programs. Currently, in our pursuit of public-private ventures, we are operating two different programs which we believe provide important examples of viable partnerships between government and business. Both are retraining efforts designed to make the skills of displaced workers contemporary with the skill needs of private industry.

FIRST, consider our Programmer Trainee retraining program which is currently well underway. Approximately one year ago, Chrysler Learning, Inc. was informed by Chrysler Corporation of its need to have a large number of Management Information Systems (MIS) personnel trained and hired as Programmer Trainees over the period of a year. This is an occupational area of substantial demand in Detroit, as well as nationally. Chrysler Learning, Inc. linked Chrysler Corporation's need for trained computer programmers and the Corporation's commitment to lay-off assistance with government training funds available through the City of Detroit's Department of Employment and Training and Private Industry Council. This effort has resulted, to date, in twenty-one (21) persons being trained and placed in Chrysler.

This represents a one-hundred (100) percent entered employment rate at a training cost of $4,000 per person.

CHRYSLER
LEARNING INC.

Persons entering this program were predominately blue collar, and represented a wide cross section of job experiences and formal education and training. All had in common previous employment in Chrysler Corporation. They were laid off with no hope of recall and existed on some form of public assistance or unemployment insurance, collecting on an average of $7,500 annualized. Obviously, the net savings of government dollars through the investment in this training program is substantial.

In this specific program design, Chrysler Learning, Inc. provided an initial two (2) week employment and training services curriculum which focused on the problems encountered by laid off workers as they re-enter the labor force; on career change; on career pathing; and on productivity on the job. This set the basis for ongoing support counseling throughout the technical and skills training, and for intensive follow-up by the vocational counselor upon job placement, to assure job placement success. In addition, Boeing Computer Services, a subsidiary of the Boeing Corporation, provides eight (8) weeks of computer skill training utilizing a curriculum tailor-made to Chrysler Corporation's job specifications for Programmer Trainees. Subsequent to this classroom training, the participants are receiving nine (9) months of unsubsidized on-the-job training from Chrysler Corporation.

Follow-up evaluations have indicated that program graduates are competent entry level programmers. An additional advantage, according to their supervisors, is that because these rehired workers have had experience in other areas of the Corporation, such as manufacturing, quality control, personnel, accounting, and security, they understand Chrysler's operations more fully and are aware of the problems faced by users of the computer systems. Because of their prior years of service in the Corporation, retrainees demonstrate excellent work-related attitudes and behaviors, and are already aware of personnel and management policies. In all, these retrained workers are excellent employees in their new occupation, and contribute to the enhanced productivity of our Corporation.

This retraining program is important not only in and of itself, but also because it established a model for similar initiatives in the future for other business/industries, as well as for Chrysler Corporation.

SECOND, consider our retraining effort that is now beginning which directly utilizes the retraining provision of the Trade Adjustment Assistance Act. Earlier this year, Chrysler Learning, Inc. was informed by Chrysler Corporation of its need to have a large number of currently laid-off personnel retrained so that they could be recalled to employment at the Corporation's McGraw Glass Plant, where new, technologically sophisticated equipment was being installed. Chrysler Learning, Inc. linked the Corporation's need for workers trained in operating new equipment with the Corporation's commitment to update the skills of laid-off workers to correspond with contemporary skill needs. Examine the historical development of this program:

Chrysler Corporation began its operations at the McGraw Glass Plant in Detroit in the 1950's, utilizing it as a stamping plant that was part of the Wyoming Avenue area plant complex. As the fabrication of glass became more complex and its limited availability outside of the Corporation curtailed car production, the Corporation realized the need to in-source glass fabrication for its cars; and in 1959-1960 this stamping plant was converted to a glass fabrication plant, initially forming and tempering the windshields, backlights, with side light glass fabrication added in 1966 for Chrysler Corporation vehicles.

By the mid 1970's, the fabrication of glass had become more complex as the need evolved to design thinner and more curved glass car components. At this time the Corporation again made substantial investments in the plant's capacity to adjust to these changes, both in terms of updated machinery and the skills of its workforce.

With the decline of auto sales in the late 1970's, primarily due to the adverse impact of foreign competition in the auto industry, McGraw Glass plant, faced severe lay offs, as did many other auto plants throughout the country. As a result, McGraw was designated as a plant covered by the Trade Adjustment Act. Despite the fact that many glass plant workers were laid off, technological developments in the fabrication of glass car parts did not diminish; but rather, as in many industrial areas in the 1980's, these developments increased in pace. The future product plans of Chrysler Corporation require extreme flexibility in the manufacture of tempered glass parts. The continued efforts of the Chrysler Corporation to design lighter, more aerodynamic vehicles mandates that glass become a structural feature of the total vehicle. In order to accomplish this, glass tempering facilities must be capable of far more sophisticated design capabilities. In view of these future design directions, the McGraw Glass Plant is updating its silk screen and tempering equipment to satisfy these requirements. The equipment best suited to accomplish this task is a tempering furnace of the roller hearth design, in combination with a side glass printing facility. The roller hearth furnace is capable of producing glass in varying radii and thicknesses with ceramic frit. Glass produced by the roller hearth does not display the tooling marks and subsequent distortion related to more conventional tempering furnaces.

These technological changes have resulted in both new job tasks, as well as significant changes in the dimensions of all related plant jobs. To address these needs, Chrysler Corporation is investing approximately six (6) million dollars in plant alterations and equipment (a new roller hearth) purchase.

The Corporation has continued throughout this time to keep the skills of its employed labor force current, but those persons who had been displaced no longer remained contemporary in their work skills with the new and/or changed dimensions of the tasks required of them. This is a fundamental problem facing American industry in providing retraining to workers: How can retraining be provided to workers who are laid off and not part of America's current labor force?

To address this problem, the Corporation has committed itself to an on-the-job training program, in conjunction with the Michigan Employment Security Commission, to retrain those TRA-eligible laid-off persons who will return to jobs that are new and/or have different dimensions.

This is clearly an example of how the public-private partnership can work to facilitate the retraining of a displaced work force, while moving to boost industry's productivity. A private corporation has taken the initiative in making the investment in technological advancement, while the public sector has utilized its commitment to assist displaced workers in retraining for the labor force. As a result, this program will accomplish several objectives:

- It will provide a private sector employer (Chrysler Corporation/ McGraw Glass Plant) with skill training to assure that the workforce has the technical skills necessary to operate new technology developed to enable that employer to compete more effectively.

- It will provide expanded employment opportunities for laid-off auto workers who have been adversely affected by foreign trade competition.

- It will provide a comprehensive service delivery design to most effectively meet the public policy objectives of the Trade Adjustment Act, which is intended to provide training, job search, and relocation services to workers made jobless by the adverse impact of foreign trade.

Again, this retraining program is important not only in and of itself, but also because it establishes a model for similar initiations in the future for other business/industries, as well as for Chrysler Corporation.

In our opinion, consideration of legislative amendments to the Trade Adjustment Assistance Act ought to, therefore, be made with the objective of providing incentives for this kind of retraining effort to occur.

LEGISLATIVE RECOMMENDATIONS

To this purpose, we have a series of recommendations for your consideration. Our recommendations are limited to matters relating to the provision of retraining, an area in which we believe we have substantial expertise. While we recognize there are other areas of concern to you as you formulate the legislation, we will confine our remarks to the issue of retraining.

I. IN RECOGNITION OF THE FACT THAT TECHNOLOGICAL ADVANCEMENT IS CRITICAL FOR AMERICAN INDUSTRY TO REMAIN COMPETITIVE IN THE FACE OF COMPETITION FROM FOREIGN TRADE, TRAINING WORKERS TO REMAIN CONTEMPORARY WITH INDUSTRY'S SKILL NEEDS MUST BE AN INTEGRAL COMPONENT OF TRADE ADJUSTMENT ASSISTANCE (TAA). IN THIS REGARD, CHRYSLER LEARNING, INC. RECOMMENDS THAT:

A. *TAA retraining is a more appropriate means to service displaced workers than a program that simply pays laid-off workers to remain idle, an occurance which is non-productive for American industry and tremendously counter-productive for the unemployed individual.*

B. *TAA eligible workers should be entitled to, and be provided incentives to utilize, training.*

C. *The role of TAA training, vis-a-vis provisions for training in the overall unemployment insurance system, should be examined to determine if there is a general role for public policy for all displaced workers.*

There is little doubt that the provisions for training in the Trade Adjustment Assistance (TAA) can play a substantial role in facilitating the labor force transition of workers displaced by the effects of foreign trade. Among the most important of the policy objectives of TAA, is the desire to provide new skills to workers whose skills are no longer contemporary with industry's need to advance technologically to remain competitive. The response of American industry to foreign competition must be to increase productivity, and advanced technology plays an important role in this response. But while American industry can upgrade and retrain its employed work force, displaced workers remain on the sidelines, as their skills grow increasingly out of date.

There is, therefore, an appropriate role for public policy to intervene and provide assistance to such workers who, through no fault of their own or their employers, are unable to effectively compete for jobs in an increasingly technological labor force. TAA eligible workers ought to be entitled to retraining, either to update their skills or to retrain them in new skill areas, whichever is appropriate. We, therefore, support the objectives of H.R. 6482 to extend TAA training benefits, and in particular, Section 2, which provides that eligible workers are entitled to training.

We also recommend, however, that government look beyond this current legislative proposal to a rather significant gap that remains in federal training policy. The federal government is currently investing substantial sums of money in training predominately disadvantaged workers for entry level employment (through CETA and WIN), and for retraining workers displaced due to the effects of foreign trade (through TAA). Yet, neither of these programs addresses the needs of workers displaced simply as the result of technological advancement; workers whose skills are no longer relevant because of technological innovation, but whose displacement cannot be directly attributed to the effects of foreign competition. We, therefore, suggest that the Congress explore ways in which the training provisions of TAA can be more effectively integrated with the total unemployment insurance system to provide retraining assistance for workers long displaced from the labor force.

II. IN DESIGNING THE TRAINING COMPONENT OF TRADE ADJUSTMENT ASSISTANCE, CHRYSLER LEARNING, INC. RECOMMENDS THE FOLLOWING:

A. *Training provisions ought to be sufficiently flexible to allow training opportunities to suit both the needs of private industry, as well as the individual needs of displaced workers.*

B. *Individual States should be able to allocate funds between job search/relocation and training/employment services, depending upon a State's needs.*

C. *Flexibility of a training program design needs to be broadened to allow, for example, a program involving a mix of on-the-job training and classroom training, and any other relevant employment and training services.*

D. The criteria for eligible training programs should be sufficiently flexible as to allow for programs that either provide new skills, or that update old skills to allow a worker to remain contemporary with the needs of business and industry.

In order to attract the involvement of the private sector in any effort to address a public policy objective, government must be capable of exercising a good deal of flexibility in providing a response. Your subcommittee has obviously given substantial recognition to this need in H.R. 6482. Provisions of Section 2, which loosen up the definition of "reasonable expectations of employment," and of Section 5, which more appropriately defines "suitable work," eliminate unnecessary barriers to participation in TAA benefits.

We also would like to suggest that additional steps can be taken to enhance the ability of TAA to serve eligible workers. First, the existing legislation is currently being interpreted to allow on-the-job training (OJT), or classroom training, but not a combination of the two. In our OJT program at McGraw Glass Plant, we had originally hoped to be able to utilize such a program mix, but were precluded from doing so. A provision for identifying "allowable activities," without unnecessary restrictions on program design within the parameters of those activities, would be extremely useful. This kind of change would considerably enhance the ability of states and industries to design training efforts best suited to our material interests -- putting people to work.

Second, States ought to be allowed to move funds earmarked for relocation assistance into training assistance, if they so desire, depending on the needs identified within the State. States where employment opportunities are growing would be expected to have less need for relocation assistance than other states. But even in Michigan, the money allocated for training is being used up, while relocation assistance money remains underutilized. If relocation money could be used for training in cases where there is relatively little need for relocation, this would seem to be a more effective use of public resources.

III. IN DETERMINING THE FUNDING BASE OF THE TRADE ADJUSTMENT ASSISTANCE ACT, CHRYSLER LEARNING, INC. RECOMMENDS THE FOLLOWING:

A. *Such funds as are necessary to carry out the act should be prudently allocated to accomplish the goals and objectives of this program.*

B. *The actual funding mechanism should provide for a stable on-going funding base for Worker Assistance Programs administered in a cost-effective manner.*

Clearly, the provision of appropriate resources, and their effective and consistent administration, are critical to providing meaningful training and retraining to displaced workers with the objectives of enhancing America's productivity. The lack of such stability has been a substantial barrier to effectively providing retraining and enrollment into training programs. We have interviewed unemployed persons whose training was abruptly cut off when funds were exhausted. This resulted in at least a partial waste of the training they had received to that time, and their inability to complete their training objective.

We recognize that the funding mechanism and level are clearly subject to the legislative and budget authorization process. Whatever is the most effective mechanism (the Adjustment Assistance Trust Fund, as proposed in Section 4 of H.R. 6482, or the current general fund appropriation process), the choice should be made within the context of the objectives of cost effectiveness and a consistent funding base.

CHRYSLER
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CONCLUSION

Again, we express our appreciation for the opportunity to appear before you today. The legislation you are considering is important to the determination of how America's workforce will remain productive, a challenge that industry and government must face together. We assure you of our commitment to retraining--a commitment that we believe is the key to America's productivity.

Respectfully submitted,

E. P. Jacoby
President
Chrysler Learning, Inc.

P. A. Bambery
Vice-President
Employment and Training Contracts
and Product Development

Chairman GIBBONS. Thank you.

You seem to be saying that retraining is something that we all must be aware of, and be prepared for, and that it is something that we can anticipate rather than try to respond to, we are far better off. Is that what you think?

Ms. BAMBERY. Yes, Mr. Chairman.

Chairman GIBBONS. When I look at most people, they go through many different jobs in a lifetime, and some people are fortunate enough not to have to make great career changes, and others are fortunate because they do make great career changes, because there are some jobs available there for them, but the average person stuck on a factory or industrial-type job does not have the time or resources in order to gain skills. They don't have the physical strength to continue working after hours, or the resources from which to train, and I think that is a dilemma that we face.

Mr. JACOBY. Mr. Chairman, I think that our experience in this training, is relevant to this issue. It was surprising the number of people that had been working for 10, 15 years in our production plants and had bachelor's degrees in various subjects. They simply never had the time or motivation or the money to use that bachelor's degree, and it was only until they got laid off and realized they were probably permanently laid off, and they decided to go do something different, and they were willing to face the trauma of a career change.

Almost without exception, they took a pay cut, but they took it to develop a better career that would help them in life.

They started out as trainees.

Chairman GIBBONS. Mr. Pease?

Mr. PEASE. I would like to thank the witnesses from the Chrysler Corp. and to indicate there is another management group as well which is supporting this legislation, and that is the American Apparel Manufacturers Association, and I would like to request permission to enter that in support of my legislation.

I have been in Congress for 6 years, and I don't thrill easily, but I found your testimony very, very exciting.

It is great to see a commitment on behalf of a major American corporation toward retraining its own workers, and maintaining their productivity and their contribution to the corporation, and to our society. It is a very, very refreshing approach, and I want to commend you for it.

I remember 8 years ago being astounded to find out another major corporation in America was hiring people for its assembly lines with no screening whatsoever in this field, and essentially saying: Send us 50 warm bodies; we need to hire 50 people. It was beyond belief to me that they were not paying more attention to the qualifications of the people who would be on the assembly line.

A lot of people are laid off from work, and they probably never will come back, and the question is, are the American corporations going to now treat them as cold bodies, or try to make maximum use of their skills and dedication and desire to be productive members of that corporation's future?

As you pointed out in your testimony, you give a lot of incidental benefits when you retrain a Chrysler worker to do something else in terms of commitment to the company's future.

I also appreciate your comments and your illustration—about the possibility for a partnership between Government and private industry.

One of the strengths of my legislation is that it does not set up a Government bureaucracy to run these programs, but essentially says to the worker, if you go out and find some training that you think would be suitable for you, and we and the employment service will judge whether there is a reasonable opportunity for you to get a job once you are trained, and, if so, there you are, but the training is provided in the private sector and not in the public sector.

If we are to succeed in this endeavor, which is really a massive one over the next several years, it is going to take the cooperation of the management of the private sector as well as Government.

I was also grateful for your insights in your testimony on the need for a continuity and certainty of funding.

We have suffered mightily over the past couple of years. I am happy you supported funding for retraining and the entitlement portion which is really designed to tell institutions, corporations, like your own, that you can do some planning; that the money will be there; and you can execute those plans once you get them finished.

All in all, I thought your testimony was first rate, and I am very, very grateful, and really thrilled that Chrysler Corp. is showing this commitment.

Let me ask you about one question. When you retrain workers from Chrysler to do other things from the assembly line and go into programing, for example, what is the wage situation? Do they normally, when they become programers, enter at a higher wage than they have on the assembly line, or is it a lower wage; or is there any agreement with the union, with the employees, that workers who are trained will have comparable or not comparable wages?

Ms. BAMBERY. In each of the specific cases, the example was a little bit different. In the case of programer trainees, they are nonbargaining unit positions, and people voluntarily took decreases in their salaries to enter into a field where they believed that they had a future, and would after a period of time achieve higher wages.

The displaced workers in the McGraw program are coming back into bargaining unit positions in the same classification which they left. They will enter into the same classification and wage levels, but doing vastly different tasks. We find that people are willing to come back to work, whether it is at the same or lower wage. The majority of the people who are getting very close to exhausting all of their benefits are desperately in need of work.

Mr. PEASE. Thank you. That reinforces a point I made earlier in relation to Secretary Lovell's testimony; that people are willing to come back to work at lower wages, but they need training to do it.

It is just not a matter of forcing them into the psychological decision that they are willing to accept lower wages. Once they have come to that conclusion, which is probably easier to arrive at than Mr. Lovell suggests, they still need to be retrained.

Thank you very much.

I appreciate your testimony.

Chairman **Gibbons**. Mr. Frenzel?

Mr. **Frenzel**. Yes; I want to thank the witnesses for their testimony, too.

How many employees did you say you were retraining last year?

Ms. **Bambery**. In the instance of the management information system program, we have retrained 21 who were mainly employed with the preparation. In the instance of the McGraw Glass Plant, 75 people are anticipated to be retrained in this. We have a variety of proprietary schools that have also retrained laid-off workers. However, these model programs are major new initiatives in Government partnerships in the retraining area.

Mr. **Frenzel**. How many employees are laid off in the Chrysler Corp.?

Mr. **Jacoby**. It is in the tens of thousands yet.

Mr. **Frenzel**. We are lucky to get a little——

Mr. **Jacoby**. A bare initiative.

Mr. **Frenzel**. The program is sustained by the Federal Government?

Ms. **Bambery**. It has been sustained jointly by the Federal Government and the corporation. Part of the funding has been through Government training programs, and part of the funding is assumed by the corporation as well.

Mr. **Frenzel**. Yes, and if Mr. Pease's bill should become law, do you assume the corporation would still underwrite a part of the program?

Ms. **Bambery**. The same provisions that apply in utilizing the TAA on-the-job-training funds would be applicable under Mr. Pease's act, so similar programs would be similarly financed.

Mr. **Frenzel**. OK. One of our chaps here said that they had 25,000 people they thought were looking forward to entering these training programs.

Where are all the training programs going to come from?

Ms. **Bambery**. It seems to me that the partnership needs to be much broader than what exists currently in order to begin to approach the problem. We have just started. It is not easy to get Government and business to work together on programs like this, but I think our beginning is an exciting one. I am sure other businesses will begin those kinds of commitments as these kinds of pilot projects are demonstrated to be successful.

Mr. **Frenzel**. You would not want to train people for jobs that did not exist, would you?

Ms. **Bambery**. No.

Mr. **Frenzel**. You are moving slowly with the resources that are available to you.

I really worry about making job training an entitlement, because I suspect that other groups, perhaps less scrupulous than you, or perhaps just enthusiastic, will want to provide job training on the possibility of future employment, and it may not be as rock-hard as it is in your program, where you know what the opportunities are.

Do you have any comment on that?

Ms. **Bambery**. It seems to me that the issue then becomes one of appropriate administration of the program and a well-managed program designed to meet those objectives.

The issue in that then must lie within appropriate management and Government accepting its part of the responsibility in terms of how it works with the participant in terms of which training program they enter and what the future of that training program lies in.

Mr. PEASE. I think that is an important point.

The entitlement envisioned in H.R. 6482 entitles the worker to seek a training program and then to go to the Bureau of Employment Services and get a case-by-case determination of whether there is the likelihood of suitable employment at the end of that training. I am struck by the fact that we have a bill on the floor this week to provide 40 hours of pay for 24 hours of work if people will work as nurses in veterans' hospitals.

I daresay there are some workers who slogged away on the assembly line for 15 years who would find the prospect of being a male nurse and being paid 40 hours for 24 hours of work pretty attractive. There are all kinds of nurse training programs available right now already in existence, so I think there are a lot of opportunities available. This one provides a particularly good example of how you can work a partnership between business and industry.

Mr. FRENZEL. I am inclined to agree with the gentleman and with the witness, but I don't want to have anybody believe that the problem is simple.

I recall in the sixties, when we had all the great society training programs in my State, and that was quite different. We were trying to take disadvantaged people who did not have a background of good work habits, and we had operating in my State, although we never could get a good shot at it, usually about 60 or 70 programs all trying to trap the same employees and lure them into the federally subsidized program, and to do a good training program is darn hard work, and it is expensive.

It takes good people to run it and honest people that don't overstate the program.

It sounds like you have a good program there and part of the reason is because you have kept it to a manageable size and selected employees that had maximum chance to complete the course satisfactorily, and I will tell you, my experience with training and retraining programs is that it is not easy, and yet you are talking about a hundred percent.

Our success ratio at home in the sixties was close to 5 percent. Our success ratio in CETA, if you talk about employees that moved into real jobs and held them, was minuscule, and all I can say is God bless you; keep it up. I wish it were bigger, but I don't want you to increase it and lose any of the quality.

Chairman GIBBONS. You brought up a good point. The programs in the sixties were designed to not skim the cream off of society, but to take what was left over and try to do something with them, the ones that the school systems had failed on and everything else. I think that we underestimated the program of trying to help the disadvantaged, underestimated the necessity for doing that, or the ability to do it, and I think from all of that, we came away pretty disillusioned that you could not really help anybody. But if you have a person that has a pretty good home life and is turned on reasonably well and needs the skills, then I think you are dealing with a person that has a far different attitude toward work than the severely disadvantaged that we tried to take care of in the sixties, and we would have a different learning experience if we really attacked that.

Mr. **Frenzel.** You are right. The problem is, you have people with different aspirations about jobs. People, particularly in your industry, are coming down from more than 20 bucks an hour to something less, and there is not a whole heck of a lot of opportunity out there waiting for them.

Maybe there are paramedical jobs, and I guess there are, and the pay scales, of course, are quite different.

I just think we should not underestimate the difficulty.

Chairman **Gibbons.** When we were in Detroit at those hearings we had there, the night before I read all of the newspaper want ads to make sure there were some job opportunities in Detroit, and, at that time, I was struck by the fact that there were a lot of jobs in the nursing area, the medical area. The newspaper had literally hundreds of jobs advertised for that, and I think you will find, if you pick up the newspapers today, they are full of ads, but we have not found any way to match human beings up with those ads.

That is the problem, and it lies in a failure of our educational system, in the failure of our information system, to get those two together.

We need an education system to make sure, if you have a person with a reasonably active, successful mind and a job waiting for somebody like that, we give them the entry level skills that they need to get that job, and I think it is a real travesty that that has not happened in our society.

As our society becomes much more skill-oriented than it ever has been, the days of backbreaking, farm-type general labor have vanished, and we have not kept up with necessity to put people together with opportunities and to give them the skills that they need to successfully fill those opportunities.

Well, this concludes our hearings on H.R. 6482 and H.R. 6509. The record will remain open until the 18th of this month for any statements that are submitted.

Thank you very much.

[Whereupon, at 4:50 p.m., the hearing was adjourned.]

[The following was submitted for the record:]

Statement of Hon. George E. Brown, a Representative in Congress From the State of California

I want to thank the Subcommittee for holding these hearings on H.R. 6482. I say that both as a cosponsor of the legislation and as a Member of Congress representing a district which has been severely affected by imports, specifically steel imports. I especially want to applaud the efforts of Congressman Pease and Chairman Gibbons in putting this much needed legislation together.

I have struggled over the last few years to help displaced workers in my district obtain assistance under the Trade Adjustment Assistance program. Few legitimately displaced workers qualified, and those who did found the funding to be insufficient to meet the demand. With workers in the steel industry, the auto industy, and many other sectors all vying for the limited funding in the program, many workers never received the full benefits to which they were entitled. Then, with the new Administration, the last vestiges of hope for workers displaced by imports were eliminated with the proposed changes to the Trade Adjustment Assistance program.

Now there is a new hope, and one that has the possibility of being realized even in these times of tight budgets. The changes proposed in this legislation would significantly revamp the provisions of the Trade Act of 1974 and create a more focused and adequately funded employment training program for this country's displaced workers. And the use of customs duties to fund the program, as is proposed in this bill, is a very appropriate approach. Not only do we avoid the necessity of new appropriations, but there is some justice in using fees collected from imports to pay for the dislocation which those imports have caused.

But the most important feature of this legislation is the attempt to move our skilled and able workers into new employment areas which will be growth industries in the years ahead. In my own State of California, we have the need for thousands of new workers in the electronics and computer industries in the coming years. There is no reason why a displaced steelworker cannot be retrained, using the programs outlined in this bill, to take advantage of these job opportunities. This legislation would focus the employment training program on skills shown to be in demand.

I am aware of the criticisms of the old TRA program. I have supported and defended it as the best option available. Now we have a much improved proposal, and I would urge all of my colleagues to support this legislation. It has been crafted to meet both the demand for job training and the restricted budgets which we must live under. This legislation merits serious consideration, and I hope that this Subcommittee will see fit to move this legislation along toward enactment.

STATEMENT OF HON. WILLIAM D. FORD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Chairman and Members of the subcommittee, the history of the Trade Adjustment Assistance program is a sorry affair. Few government programs have promised so much and delivered so little; few programs have held out so much hope and created so much bitterness.

No one knows the stated intent of the Trade Adjustment Assistance program better than the Members of this subcommittee. That intent was to help workers and communities adjust to the dislocations that Congress knew would occur if the Federal government encouraged free trade policies and lowered tariff barriers to imports. As recently as the 96th Congress, the Ways and Means Committee declared that it recognized "the need for an effective adjustment assistance program as a viable alternative to import relief measures and as a vital and necessary aspect of a balanced trade program." (H. Rept. 96-57)

Do we have an effective adjustment assistance program today? Do we have a balanced trade program? Imports are wrecking the steel industry; they have crippled the auto industry; and the textile and apparel industries are both reeling. Capacity utilization in our basic manufacturing industries has collapsed to Great Depression levels—43 percent in the auto industry in January, 50 percent in steel. Literally millions of workers are jobless in industries where import penetration is at record heights. And plants are closing at a phenomenal, frightening rate: 64 in April, 61 in March, 32 in February and 16 in January.

Are imports the cause of this economic ruin? Are they the cause of our nation's unemployment, which currently afflicts over 10 million Americans? Clearly, imports are not the only cause of our problems. Imports did not, by themselves, throw 2.7 million Americans out of work since July of last year.

But just as clearly, imports have contributed directly and importantly to these problems. Overall, manufactured imports have increased from $77 billion in 1976 to $140 billion in 1981, the highest level in our history. In certain industries—most notably autos, steel, apparel and textiles—import penetration is at record levels and employment losses correspond directly with increasing import volumes.

Yet what relief is there for the workers and communities who have suffered severe, disproportionate economic losses as a result of these imports? Two years ago, the government recognized its duty to those citizens who have suffered because of our import policy and made $1.5 billion available to help them adjust. Now, when the problems are far more severe, when interest rates are kept high by deliberate government policies and the resulting strength of the U.S. dollar makes imports increasingly attractive, the government has allotted only token funding for the assistance program. Secretary Donovan's promised budget of $70 million for retraining import-impacted workers shrank to $26 million this year—a drop in an ocean of misery and bitterness.

The results of this failure to deal fairly with the victims of import competition, victims Congress has sacrificed for the supposed benefit of foreign relations and domestic consumers, are coming into focus. Entire regions of the country have had their economic vitality sucked dry and the residents of those areas are angry. The imbalance in our trade relations, the lack of a real trade program, has led to a wave of protectionism stronger than any I can remember. There is no doubt that the momentum behind H.R. 5133, the local content bill, is the result of this imbalance. American workers have been patient—perhaps, too patient—but they have reached the end of their restraint and will no longer be passive victims of government policies that rob them of their livelihoods and offer nothing in return.

It is not too late for this Congress to keep its earlier promises to the American manufacturing worker. We promised to help them adjust to dislocation, and even this Administration promised to make training programs available that would provide meaningful adjustments.

Congressman Pease's bill is, to my mind, precisely the kind of program we should have had all along: a program that recognizes that the dislocated worker is not an obsolete tool to abandon and forget, but a human being with the potential to learn new skills, a human being who deserves the opportunity to participate fully in our society. H.R. 6482 is sensible legislation. It takes advantage of existing training programs and creates no new bureaucracy. It is targeted on people who have demonstrated their capacity and desire to work, people who have been the backbone of America's industrial might, people who are desperate to better themselves. When the Administration finally made TAA training money available early this year, the response of the unemployed was immediate. Within days of the Michigan Employment Security Commission's announcement that training programs would be funded, their offices were deluged with applications and $4 million was exhausted.

The training that H.R. 6482 would offer is a wise investment. Secretary Donovan told the Education and Labor Committee that there is a shortage of 40,000 tool and die makers in the country today, and that the President's defense program would create the need for 90,000 more. Without money and the government's commitment, these needs will not be met. We need engineers, computer programmers, technicians and other skilled workers, but it takes money to train them.

Without any doubt, the funding for this training must be made mandatory. A long history of neglect and underfunding has proven that if the training component of TAA is not made an entitlement unambiguously, as it would be in H.R. 6482, the Labor Department or the Appropriations Committee will ignore it. The unemployed are too weak politically to leave to the mercy of budget battles fought by more powerful interests. From years of observation we know that the trade impacted jobless will benefit from retraining; there is no need for the Secretary to exercise discretion in this regard.

We cannot afford the waste of human capital that import dislocations are causing. We did not invest in years of public education, the businesses of this nation did not invest in on-the-job training and apprenticeships, and the workers did not invest their time, brains and bodies in their work only to throw it all away. The unemployed workers H.R. 6482 would help are a valuable resource, but without assistance, many thousands of them will only be a drain on society.

The Administration and many Members of Congress complain about welfare costs, unemployment compensation costs, and food stamp costs. It is time to stop complaining and act. It is time to give our workforce the skills it needs to compete in the world market, to face technological change and take advantage of it.

H.R. 6482 may have one drawback: It may be too logical for a Congress living in Wonderland, a Congress that believes you balance the budget by cutting revenues and increasing defense expenditures. But the logic of Mr. Pease's bill appeals to me. The training to be provided would be financed by the foreign manufacturers whose imports are causing dislocations. Almost $8 billion in customs duties were collected last year; H.R. 6482 would use less than 10 percent of those duties. Who can argue that this is unwise spending or a burden on the taxpayer?

Let me conclude by exhorting you to take action. A serious injustice has been done to hundreds of thousands of workers who have paid with their jobs so that we might pay less for a shirt or a car. All of us have benefitted from their sacrifice. The time to repay them is here.

STATEMENT OF HON. CLAUDE PEPPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, members of the committee, ladies and gentleman, thank you for allowing me the opportunity to address this distinguished Subcommittee on identifying and proposing practical remedies for the hundreds of thousands of displaced workers in this country.

The Bureau of Labor Statistics reported on May 7, 1982 the April unemployment statistics, which set post-war unemployment records in ten categories of labor statistics. The present Administration's failure to respond to the problem of unemployment has allowed the level of unemployment to reach epidemic proportions. Teenagers, blacks, blue-collar workers and heads of households are all suffering from post-war records in unemployment.

In the midst of this economic catastrophe, the Administration continues to insist on cutting Federal unemployment assistance. The number of heads of households unemployed has had a tendency to remain at a stable rate during past recessions. Yet recently, labor statistics indicate an increasing trend in the number of heads of households that have fallen victim to more chronic forms of unemployment due to changes in the economy. Within a period of one year, between April 1981 and April 1982, the number of married men, living with spouse, who were unemployed increased from 1.558 million to 2.456 million persons. The data for women who maintained families evidenced the same trend with an increase in the rate of unemployment from 9.9 percent to 11.5 percent.

Besides high interest rates, tight money and recession, it has been lack of investment, and failure to respond to changing economic conditions that have been major factors in the displacement of American workers. The problem of unemployment is not going to disappear by putting our heads in the sand. We must begin to deal with it in an up-front manner. No longer can this government remain aloof from the responsibility it has to the people.

I am a cosponsor of this bill, H.R. 6482, which would provide displaced workers with an opportunity to retrain themselves with new skills in order to find employment in different sectors of work. Such legislation would transform the Trade Adjustment Assistance program (TAA) into a training program for displaced workers.

The cuts in Federal funding for the alleviation of unemployment have been severe, as evidenced by a comparison of the amounts funded in 1980 and in 1982 for the trade readjustment allowance program (TRA) of the TAA. In 1980 TRA operated at a funding level of 1.66 billion dollars while in 1982 the program was drastically reduced by the funding of only $140 million. Thus, funding has rapidly decreased while unemployment has increased. Our nation will not be strengthened by abandoning the human potential which works to produce our goods—letting more people join the welfare rolls, swell the crime statistics, or go hungry and unable to feed their families.

Currently, the overwhelming focus of our Federal job training program is upon the structurally unemployed and disadvantaged youths. Thus under the present policy a teenage high school dropout could get Federal job training while a middle-aged head of household who has been displaced cannot. I am by no means advocating the elimination of current training programs but instead favoring the expansion of the program so as to allow countless desperate and needy displaced workers access to federal job training. And I hope that Congress can act in this direction, where the Administration, which was going to rebuild, reindustrialize and prosperize, has failed so miserably, so far, by allowing unemployment to worsen and worsen.

STATEMENT OF THE AMERICAN APPAREL MANUFACTURERS ASSOCIATION

The American Apparel Manufacturers Association (AAMA) appreciates this opportunity to present its views on H.R. 6482, a bill to improve worker training under the Trade Act of 1974. We commend Representative Pease and his Colleagues for a realistic approach to providing opportunities and training for American workers who have lost their jobs to imports.

AAMA is the central trade association of the American apparel industry, representing some 65 percent of domestic apparel manufacturing capacity. It has been heavily involved for more than 20 years in the effort to restrain apparel imports to a level consistent with the growth of the domestic market in order to preserve American jobs and productive capacity.

In May, 1982 apparel employment totalled 1,162,000 workers, off seven percent from a year ago. The unemployment rate, industrywide, was 16.8 percent. Since 81 percent of its work force is female and 19 percent minorities, apparel workers can ill afford the high rate of unemployment currently being experienced.

Employment trends in the U.S. apparel industry tell more about domestic apparel production than any other single factor. While productivity gains influence total apparel output over a period of years, most changes in production are the result of changes in labor input.

In the early 1970s apparel employment declined about 4 percent because of apparel imports. Apparel imports were so great they supplied all additional demand as well as a portion of the domestic industry's market share. The man-made fiber and wool bilateral agreements with Japan, Hong Kong, Taiwan, and Korea and later the MFA ameliorated this trend in 1973 and 1974. In 1973 U.S. apparel industry employment reached 1,438,000, its highest level. Since then two recessions and rapidly expanding imports have reduced domestic apparel employment by 276,000 jobs.

We believe that H.R. 6482 would help ameliorate this situation. it provides a practical alternative to Trade Adjustment Assistance and affords displaced workers greater flexibility in training and in searching for jobs.

We recommend that the Subcommittee consider one amendment to the bill, and this is the inclusion of language extending the targeted jobs tax credit beyond its expiration date of December 31, 1982. This program has meant employment for individuals who might not have been employed otherwise and would appear to compliment the focus of H.R. 6482.

STATEMENT OF EVELYN DUBROW, VICE PRESIDENT, INTERNATIONAL LADIES' GARMENT WORKERS' UNION

We welcome this opportunity to comment on H.R. 6482, a bill to improve worker training under the Trade Act of 1974. We are an organization of workers which has been hit very hard by imports, as has been the apparel industry as a whole. The flood of imports has reached such heights that at present for every 100 garments produced in this country another 50 are imported. This means that one-third of all garments offered for sale are imported. In the case of individual items such as sweaters the percentage of imports is more than half.

This state of affairs has had an enormously harmful effect on our industry, causing an unprecedented number of firms to go out of business or drastically curtail their production. As a result the loss of jobs to our members, most of whom are women earning relatively low wages, has been catastrophic, numbering in the hundreds of thousands.

For us, therefore, the trade adjustment assistance program enacted in 1974 was of great importance in easing the hardships to our workers that were caused by imports. However, as you well know, the Congress has torn the guts out of this essential program. At the same time the flood of imports engulfing us has not been halted.

We are glad to see that at least some members of Congress are taking a second look at the damage that has been done by the emasculation of the trade adjustment assistance program and are offering measures to breathe new life into the program in the form of H.R. 6482, the bill your subcommittee is considering. We endorse the main thrust of the bill which is to improve the worker-training program under trade adjustment assistance by making it an entitlement rather than a discretionary program and by expanding the necessary finances through customs duties levied on foreign imports. In this respect we wish to express our full support of the position put forward by the AFL-CIO to strengthen this aspect of the proposed legislation.

We would like to state, however, that no matter how much the training program under trade adjustment assistance may be strengthened, it would be rendered meaningless unless the current eligibility standards are changed. As you know, the Trade Act of 1974 was amended last year to require that assistance to workers be approved only if it can be shown that imports was the most important cause of unemployment in the particular case. This replaced the former language enacted in 1974 which said that imports had to be shown to be an important cause of the unemployment but not necessarily the most important. The present language is in actuality the old formulation under the Trade Act of 1962, under which practically no one succeeded in ever getting trade adjustment assistance because of the extraordinarily difficult process of finding statistical proof that imports were more important than any other cause for business failures and declines. It is for that reason that the Trade Act of 1974 eased the eligibility standard and made possible workers actually qualifying for and receiving adjustment assistance called for by the law.

It is no secret to you gentlemen that the purpose in restoring the old 1962 language was to bring back the days when although a trade adjustment assistance program was on the books, no one was able to qualify for it because of an unrealistic and prohibitive eligibility standard. We repeat again—it will be of no avail to improve the training program if no one will be able to qualify for it in the first place because of the present eligibility standard. We fully support, therefore the provision in H.R. 6482 which would restore the eligibility standard as enacted in 1974.

We also strongly approve the provision in the bill which would eliminate the present requirement for trade adjustment benefits that a worker must accept a job offer at the federal minimum wage regardless of his former skill, occupation and wage. It is not only degrading and demeaning but also unfair and unjust to force a worker with a skilled occupation and a high wage who lost employment as a result of imports to have to accept a lowest level job or be barred from receiving trade adjustment benefits. Such compulsion flies in the face of the training program being proposed, the purpose of which is to maintain workers' skills, wage standards and job prospects.

Finally, we wish to express our opposition to H.R. 6509 which would bar payment of trade adjustment assistance benefits to any worker not enrolled in approved training as of July 1, 1982. It seems to us that this proposal puts the cart before the horse. It places the burden of being enrolled in training on the worker when the fact is that in most cases the federal and state governments have been unable to provide such training for most workers who have asked for it. For example, the Secretary of Labor reported to this subcommittee that in fiscal year 1980, although 71,644 TAA recipients applied specifically for training, only 9,671 actually received it.[1] The reason for this is not hard to find—the lack of funds and the lack of training programs. The effect of H.R. 6509 can only be to deprive workers of TAA benefits who are perfectly willing to receive training but fail to through no fault of their own. We urge you to disapprove it.

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[1] Hearings, Subcommittee on Trade of the Committee on Ways and Means, March 30, 31, 1981, Serial 97-13, p. 21.